2022

CONSOLIDATED ANNUAL REPORT

WABERER'S

CONTENTS OF BUSINESS REPORT

The official consolidated financial statements of Waberer's International Plc are published in ESEF format in Hungarian. This document in pdf format is the unofficial English translation of the consolidated financial statements in ESEF format, but cannot be considered as an official document.

MESSAGE FROM THE CEO

“2022 was again a challenging year for us. We were forced to cope with the shock of the war in our neighbouring country, which affected our Company on multiple fronts. At Group level, a significant number of our hundreds of drivers of Ukrainian origin went home to protect their families and their country after the outbreak of the war, some of our customers have seen their production processes interrupted due to the termination of cooperation with Ukrainian and Russian suppliers, and inflation – at levels unseen in decades – has put us under severe pressure in term of operating costs and wages. At the end of the year, we can now say that the Company has successfully managed all these impacts, and

we have achieved the highest EBIT result in Waberer’s history and, for the first time in our stock exchange history, we plan to pay a dividend to our shareholders, subject to the decision of the General Meeting. I am particularly pleased that we have succeeded in creating a balanced Group structure, where all three business segments contribute to the Group’s performance with similar weight, with ITS contributing 30% of Group-level annual EBIT, RCL 33% and Insurance 37%.

This healthy balance greatly reduces the risks to the Group’s profitability, as our performance is currently not overly dependent on any one specific activity.

In 2022, strategic projects - already presented in the corporate strategy - were launched, with the first visible results seen in 2023. Our warehouse in Ecser, which is currently under construction, should reach a high state of readiness by the end of the year, while we are already working on further warehouse development projects in the background. We plan on concluding the first regional acquisition by the RCL segment in 2023, taking the first step towards providing a truly regionally focused complex logistics service. In 2023, we expect to increase the volume of logistics services that we can operate with a low environmental footprint, and thus we will place strong emphasis on expanding our rail logistics capabilities and continue our market-building role in the introduction of alternative propulsion vehicles. We also want to improve the visibility of our environmental performance by introducing a transparent ESG reporting system that will make our efforts visible to our customers, investors and financing partners. We are confident that all these efforts will give Waberer’s Group a competitive edge.”

Zsolt Barna
Chief Executive Officer

MANAGEMENT REPORT

ABOUT WABERER’S GROUP

3 MAIN AREAS OF OPERATION:

INTERNATIONAL TRANSPORT SEGMENT (ITS):

One of Europe’s leading FTL (Full-Truck Load) transport service providers, with own fleet and subcontractor operations and intermodal services (combination of rail and road transport), focusing on Europe’s main industrial centres (UK, Germany, France, Italy, Spain, Poland, Hungary, Slovakia).

REGIONAL CONTRACT LOGISTICS (RCL) SEGMENT:

Market-leading Hungarian complex logistics service provider with an integrated service portfolio tailored to industry needs and customers (distribution, warehousing, home delivery, production support logistics, container transport, fresh goods logistics, etc.)

INSURANCE SEGMENT:

Insurance business focusing on non-life insurance products, with a focus on Hungary. Specialist in passenger and commercial vehicle insurance (MTPL, CASCO, CRM) with a significant market share.

KEY OPERATIONAL INDICATORS

2 000 vehicles

International fleet

350 units

Forklift fleet

5 900

Number of employees

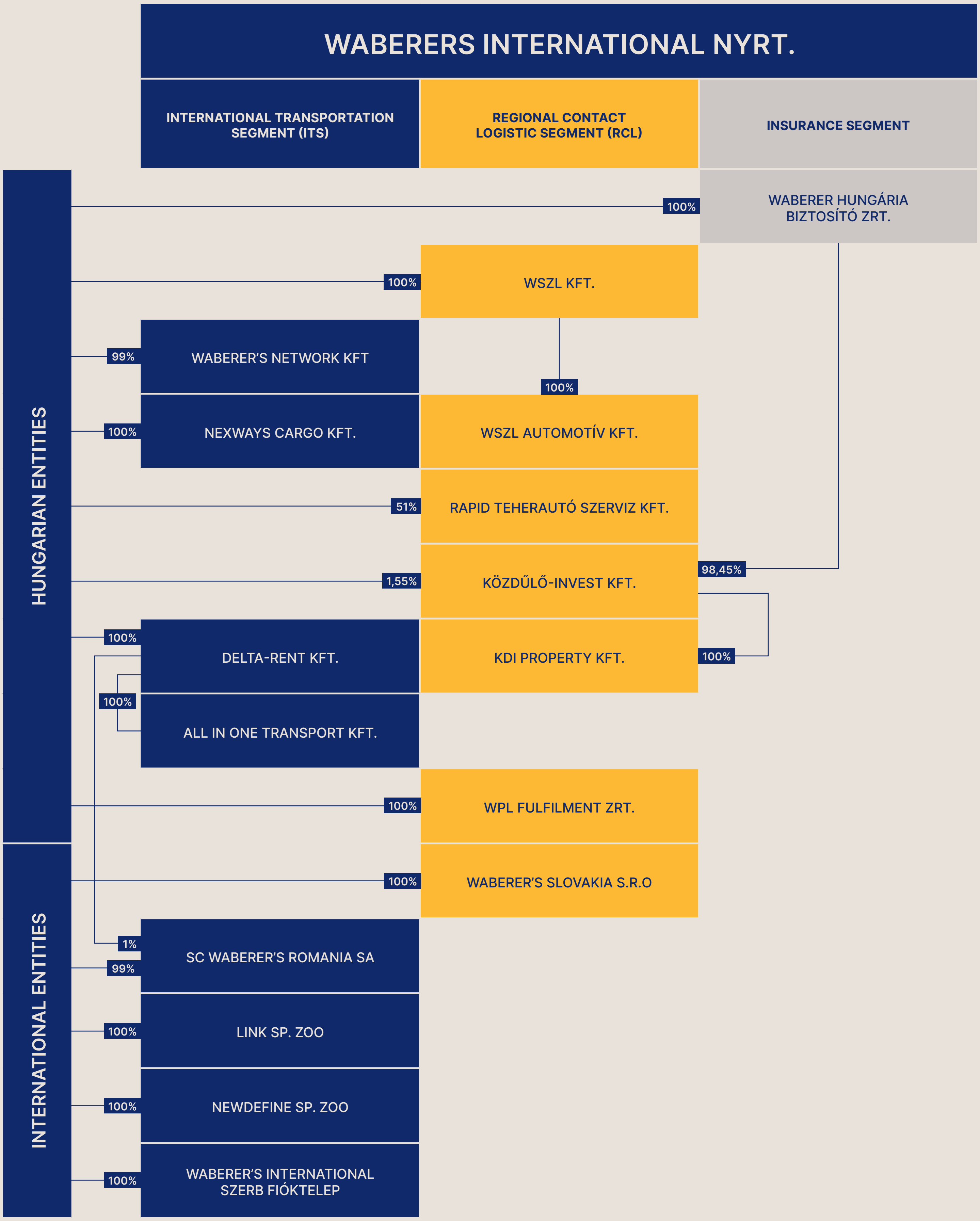
760 vehicles

Domestic fleet

240 000 m²

Warehouse area

PRESENTATION OF THE COMPANY STRUCTURE



STRATEGY

The group-wide strategy of Waberer's International Nyrt. and Waberer's Group[1], as Europe's leading international road transport operator and one of the largest players in the logistics sector in Hungary, is based on a unique combination of services for customers, with key elements such as cost efficiency, high quality service for key customers, and a portfolio of services with higher added value within the service portfolio.

The two main segments of the Group, the International Transport Segment and the Regional Contract Logistics Segment, have different activities, market positions and customers, and therefore this overall strategy is also enforced differently.

THE MEDIUM-TERM STRATEGY OF WABERER'S GROUP IS BASED ON THE FOLLOWING 3 PILLARS:

STRATEGIC GOAL		BUSINESS GOAL		PROJECTS
INFRASTRUCTURE DEVELOPEMENT to ensure low-cost logistics infrastructure	→	Increase of cost based competitiveness	→	- Fleet replacement - Warehouse developement - Digitalization
SERVICE COMPLEXITY EXPANSION to achieve higher operating margins and more sustainable and strategic customer relationships	→	More favourable margins Strategic partnerships	→	- Value added services - E-commerce - Inhouse logistic expansion - Waberer's Go Green
DIVERSIFICATION to reduce industry and customer risks, and exploit new growth opportunities	→	Decrease of industry related risks and dependency on current key customers New growth opportunities	→	- Regional expansion - Forwarding expansion - New insurance segment

1 The terms "Waberer's", "the Group" or "the Company" refers to Waberer's International Nyrt. and all its subsidiaries.

INFRASTRUCTURE DEVELOPMENT

Both in international and domestic transport services and in warehousing-related services, the ability to operate a fleet of vehicles at low cost and to access warehousing capacity at low cost is a key factor affecting competitiveness.

This is complemented by meeting the demand for high quality assets from multinational customers, which make up the majority of the Group's customer portfolio. In order to achieve this objective, the Group has re-launched its **fleet renewal programme** from 2022, with the aim of reducing the average age of the fleet to around 2.5 years, which could result in operational cost savings of several million euros through lower fuel consumption and maintenance costs, as well as improve the availability of the fleet. Other expected benefits of a more modern fleet include lower emissions, an improved working environment for our drivers and predictable vehicle supplier relationships. In the framework of the fleet renewal programme, in 2022 we carried out approximately 1,000 vehicle replacements, concerning the Hungarian and Polish hubs of the ITS segment, as well as the RCL segment, while in 2023 we plan to replace 750 to 850 additional vehicles. A reduction of 1 year in the average age of the fleet can generate a reduction in fuel consumption of 1 L/100 km, so the renewal of the fleet and the maintenance of the average age in the future will have a significant positive impact on the cost structure of the Group.

In order to improve the cost-based competitiveness of warehousing services, the Company intends to carry out part of its warehousing activities – currently predominantly performed in rented warehouses – in **own warehouses**, which can provide a significant cost advantage to the Company given the current high warehouse rental costs. By building an own warehouse, while also achieving lower operating costs, the Company can optimise its internal warehouse design, further increasing operational efficiency, and gain full control over green energy supply, which could increasingly become a competitive advantage. In order to maintain operational flexibility, our current plan is to carry out around 20-30% of our total warehousing capacity in our own warehouses, thus retaining the flexibility to respond to future changes in our customer portfolio. The strategic objective in selecting and implementing warehouse developments is geographical optimisation, whereby we can complement and expand our existing warehouse capacity in a way that it does not only increase capacity, but also helps to optimise the geographical scope of the operation. In addition, the reduction of the environmental footprint of construction and operation is a strategic objective for warehouse developments, and is an increasing priority for customers. As the first step of the warehouse development project, the company has started the construction of a 47,000 sqm warehouse in Ecser, which is expected to be completed in the first quarter of 2024. With the completion of this warehouse, our warehouse network near the M0 ring will be fully developed (Páty, BILK, Ecser), which will provide us with further geographical optimisation in the organisation of domestic distribution tasks. In addition, we are exploring further warehouse development opportunities in rural locations and, in line with our regional expansion, in neighbouring countries. For these developments, we only choose to develop our own warehouses in regions where we experience low logistics capacity relative to demand, or where we can gain a significant financial advantage by building our own warehouse compared to renting.

By continuously **digitalising** our operations, internal processes and customer relations, we aim to leverage our positional advantage from large-scale operations over smaller transport operators with significant market share in Europe.

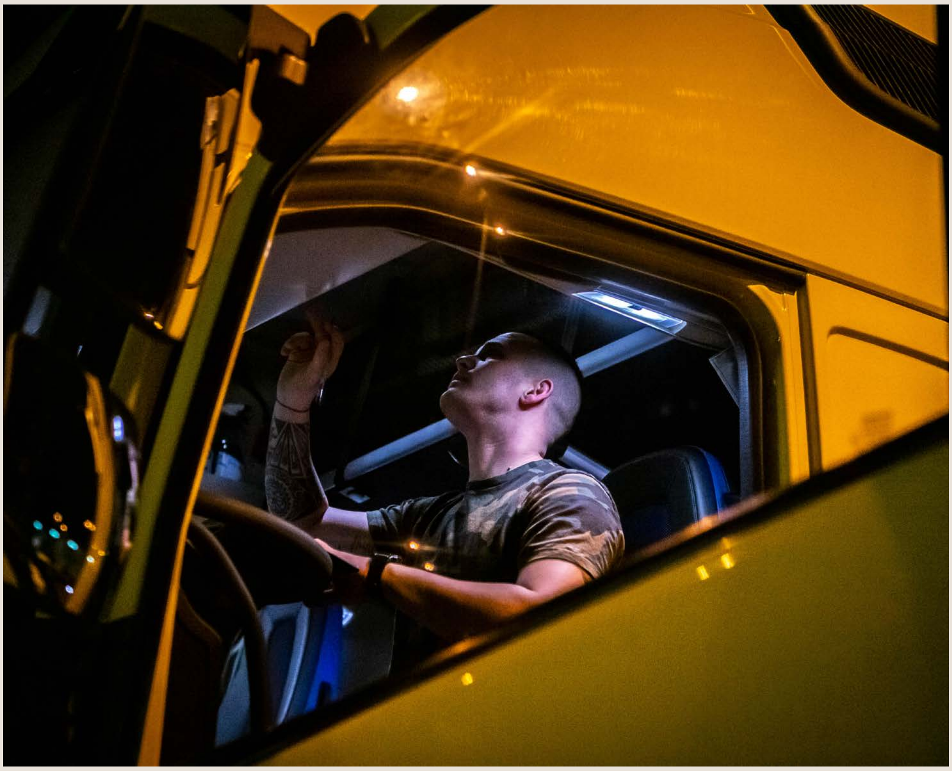
INCREASING SERVICE COMPLEXITY

The so-called "Trade Lane" model, introduced in the ITS segment in summer 2020, aims to organise operations by focusing on Europe's main industrial hubs, running on dedicated routes, and putting the specific needs of prioritised large corporate customers at the centre of the service focus.

As opposed to competitors operating solely with low prices, our Company, due to its size, is able to pursue an operating model that is able to serve specific large corporate customer needs at a high level and provide **higher value-added services**, such as compliance processes and tracking the transport of high-value goods, transport of special goods (hazardous or chemical goods, etc.), air cargo services, intermodal services (integrated use of rail and road transport), use of alternative propulsion vehicles, etc. We have now succeeded in increasing the proportion of key account customers in our international operations to over 70%, for which we are able to provide an increasing proportion of high added value services, a strategic partnership that protects the Company from the negative effects of short-term market volatility.

We have expanded our **home delivery services**, which is a strategic objective, and now aim to have a presence on the market as a complex fulfilment service provider, thus becoming a strategic partner for e-commerce market players. In the fulfilment service, we aim to provide our customers with a complex service covering the entire logistics process, including warehousing, parcel assembly, home delivery and returns management, thus enabling our partners to focus their operation on their core business, i.e. trade and commerce.

Production support logistics is one of the most complex branches of logistics services, where the partner's production site provides operational logistics support for the manufacturing process, deeply integrated into the customer's production processes. Building on existing references within the Group, we aim to further increase the weight of this service component, partly by deeper integration into the supply chain of our existing customer base, and partly by focusing on the major automotive, rubber, battery and other automotive suppliers in Hungary and the region.



We are experiencing a dramatic increase in market demand for **environmentally-friendly logistics services**, and in response, we intend to increase the weight of available state-of-the-art solutions in the portfolio in the coming years. To this end, we have set up a dedicated team focused on "green" logistics services, providing our customers mainly with intermodal logistics services, services using vehicles with alternative powertrains (electric, LNG, hydrogen) and joint testing opportunities. The rapid development of these technologies could lead to a significant increase in the weight of these vehicles in the medium term, which could give a competitive advantage to operators with large fleets and more substantial spending power, such as Waberer's Group. While the introduction of alternative propulsion vehicles into operation is at the stage of market education, testing and building partnerships, we already see significant market acquisition potential for intermodal and fully rail-based logistics services in the short term.

In response to the growing demand for air cargo, our Polish subsidiary expanded its service portfolio in 2022 to include road freight transport on behalf of airlines, which partly requires specialised equipment, thus contributing to the sustainability of supply chains, and furthermore, the company was also able to increase the frequency of intermodal transport solutions in the spirit of sustainability.

DIVERSIFICATION

Waberer's Group has set its sights on becoming the regional market leader in complex logistics services, expanding the operating model of its successful RCL business in the domestic market to the regional level by expanding into Central and South-Eastern Europe.

As a result of the successful expansion, the Company will be able to take advantage of new growth opportunities, economies of scale and the provision of regional services to multinational customers, further increasing the weight of the complex logistics services portfolio within the Group, which ensures higher margin levels.

The majority of the Group's insurance earnings are based on insurance services provided to third party customers, i.e. parties not members of the Group, mainly through insurance products related to passenger and commercial vehicles and transport. We aim to maintain a strong market focus of insurance activities, independent of the Group's in-house insurance operations, and target the **entry into additional insurance segments** where the current efficient insurance operation can provide a competitive advantage to the Group's insurance segment through well-standardised and efficient insurance products of high growth potential.

BUSINESS ENVIRONMENT & FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT (EUR MN)[2]			
	2022	2021	INCREASE (DECREASE)
Revenue	675,9	592,5	14,1%
Direct costs	(592,4)	(514,3)	(15,2%)
of which: depreciation and amortisation	(46,7)	(47,0)	0,7%
Gross profit (recurring)	83,5	78,2	6,7%
of which: gross profit excluding D&A	130,2	125,2	3,9%
OPEX	(50,2)	(51,0)	1,7%
Operating Income	33,3	27,2	22,5%
Financial result	(11,4)	(4,1)	(178,1%)
of which: non-cash FX effect	(4,0)	0,8	(585,2%)
Taxes	(5,6)	(5,0)	(12,7%)
Net income (recurring)	16,2	18,1	(10,5%)
Net income excluding non-cash FX effect	20,2	17,3	16,8%
Non-recurring items	-	-	
EBITDA	80,0	74,2	7,8%
EBIT	33,3	27,2	22,5%
Gross profit marginn (excluding depreciation and amortisation)	19,3%	21,1%	(1,9 pp)
EBITDA margin (recurring)	11,8%	12,5%	(0,7 pp)
EBIT margin (recurring)	4,9%	4,6%	0,3 pp
Net income margin (recurring)	2,4%	3,1%	(0,7 pp)
Average number of trucks	2 775	2 803	(1,0%)
Average number of employees	5 816	5 857	(0,7%)
Average number of truck drivers	3 464	3 493	(0,8%)

2 Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as Direct Costs. EBITDA is not affected.

ECONOMIC ENVIRONMENT

Given its operating model and geographic focus, demand for Waberer's Group's services is driven primarily by changes in industrial production and household consumption trends in the main industrial production hubs of Western Europe (UK, Germany, France, Italy, Spain, Benelux), as well as Hungary and Poland.

In 2022, the most significant impact on these macroeconomic indicators was made by the outbreak of the war in the Ukraine, the – repeated post-COVID – disruption of the related supply chains, a significant rise in inflation and a decline in households' disposable income due to high energy prices. These effects peaked mainly in Q3 and Q4 of 2022, and as a result, the annual average changes in industrial production and retail sales were neutral, due to the more favourable H1 data. While annual average industrial production output in the relevant Western European countries fell by 0.7% and retail sales by 0.2% compared with 2021, industrial production volume in the 2 relevant Eastern European countries grew by 9.9% in 2022 and retail sales by 9.1% compared with the previous year.

In terms of key costs, fuel price volatility persisted throughout 2022. The price of petroleum, which is the main driver of fuel price changes, rose from around USD 80 at the beginning of the year to USD 130 in a short period of time after the outbreak of the war in the Ukraine, before falling back to USD 80-85 by the end of 2022. Although the so-called fuel price clause in our transport contracts ensures that we automatically enforce fuel price changes in our service prices, the rate of price changes at the beginning of the year was such that we needed to renegotiate this contractual clause with customers and to significantly shorten the duration of the automatic repricing mechanism. As a result, the high fuel prices in 2022 did not have a significant impact on the Company's results or on its working capital financing needs.

From a labour market perspective, the 2022 business year also posed significant challenges for the Group. Given that the Ukraine was where we recruited the greatest number of drivers in the past, the war in our neighbouring country also affected the Group from a labour market perspective. By changing the focus of recruitment, by attracting overseas employees and by revising our payroll system, we have managed to ensure that by the second half of the year, the shortage of staff, particularly drivers, does not cause the Group to suffer inefficiencies and the staff required for stable operations are available to the Group.

REVENUE

Annual revenue increased by 14.1% to EUR 675.9 million in the 2022 financial year.

ITS segment revenue, excluding intersegment items, increased by 23.4% to EUR 425.5 million compared to 2021, due to an increase in the share of higher-priced orders with an unchanged fleet size. At the same time, the RCL segment's revenue, excluding intersegment items, increased by 8.5% to EUR 195.9 million in 2022. Revenues of the Insurance segment, which covers 3rd party insurance activity, decreased by 7.8% to EUR 70.0 million, entirely due to the change in the EUR/HUF exchange rate, as the Insurance segment's revenues are mainly generated in HUF.

GROSS PROFIT, EBITDA AND EBIT

In 2022, the consolidated gross profit, excluding depreciation, was EUR 130.2 million as a result of an improvement of 3.1%[3]. The gross profit margin, excluding depreciation and amortisation, reached 19.3%. The gross profit margin in 2022 reached 16.1% in the ITS segment, 25.4% in the RCL segment and 22.2% in the Insurance segment.

The Group's recurring EBITDA increased by 7.8% to EUR 80.0 million with an EBITDA margin of 11.8%.

Recurring EBIT increased to EUR 33.3 million in 2022 as a result of a EUR 6.1 million improvement.

The improvement in EBIT was mainly due to an improvement of EUR 8.5 million in the ITS segment, which compensated for a decrease in EBIT of EUR 1.9 million in the RCL segment and EUR 0.6 million in the Insurance segment. The improved result in the ITS segment is mainly due to the improved price level resulting from an increase in the share of high-quality services provided to key account customers, which was able to significantly offset rising operating costs, while the fleet size and the number of kilometres travelled remained unchanged compared to 2021.

NET INCOME

Financial result was EUR -11.4 million, with a decrease of EUR 7.3 million. The non-realised financial result with no cash movements was EUR -4.0 million. The non-realised, non-cash FX rate changes are due to the different currencies (HUF and PLN) in which the various subsidiaries keep their books. Further financial costs are mainly due to the interest on the bond issued in the first half of the year and the increase in leasing interest rates.

As a result of a decrease of EUR 1.9 million, the recurring net income changed to EUR 16.2 million in 2022,

which was equal to the reported net result, as the Company did not recognise any non-recurring items in 2022. The decrease in net profit is primarily due to higher financial expenses and an increase in non-realised non-cash expenses resulting from exchange rate fluctuations. The net income for the 2022 financial year, excluding the non-realised FX effect with no cash movement, reached EUR 20.2 million, with a year-on-year increase of EUR 2.9 million.

3 The data have been adjusted for comparability, with the impact of insurance provisions, an indirect cost item, reclassified as a direct cost, with a value of EUR 2.5 million in 2022.

CASH FLOW

CASH FLOW STATEMENT (EUR MN)	12M 2022	12M 2021
Net cash flows from operations	26,8	50,8
of which: change in working capital	(51,7)	(15,4)
Net cash flows from investing and financing activities	5,0	(68,3)
Change in cash and cash equivalents	31,8	-17,5
Free cash flow	35,6	0,7
CAPEX	(19,4)	(6,5)

During 2022 net cash flows from operations reached EUR 26.8 million, which is EUR 24 million lower compared to 2021.

The lower operating cash flow was due to the higher financing requirement of the change in working capital (-EUR 36.3 million). The higher working capital needs are mainly due to changes in the balance sheet lines related to insurance activities, while the financing needs of the working capital elements related to trading activities (changes in trade payables and receivables) decreased by EUR 6.7 million. Operating cash flow before working capital changes showed an improvement of EUR 12.3 million in 2022 compared to the previous year.

Net cash flow from investing and financial activities showed a EUR 5.0 million cash inflow in 2022 compared to the cash outflow of EUR 68.3 million in the previous year. The cash flow from investing activities in 2022 was EUR -8.0 million and mainly included CAPEX expenditure of EUR 19.4 million and cash inflows related to the sale of vehicles of EUR 10.7 million. The main components of the financing cash flow are cash inflows related to the bond issuance of EUR 111 million, loan repayments of EUR 44.7 million (which was one of the dedicated purposes of the bond issuance) and cash outflows related to lease financing of EUR 49.1 million.

Free cash flow, including cash flow from operations, investments and elements of fleet lease financing, reached EUR 35.6 million in 2022.

DEBT

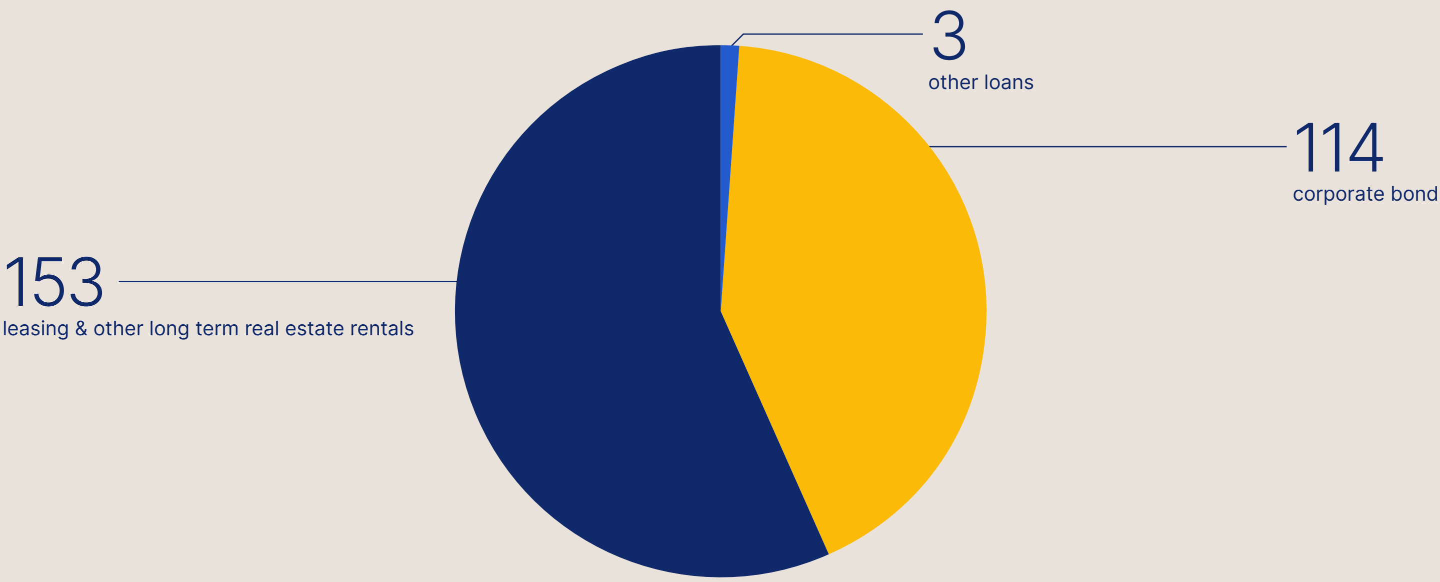
INDEBTEDNESS FIGURES (EUR MN)	31 DECEMBER 2022	31 DECEMBER 2021
Net financial indebtedness	150,0	121,7
Net leverage ratio (recurring EBITDA multiple)	1,9	1,6

The Group's net financial indebtedness position at 31 December 2022 reached EUR 150.0 million, an increase of EUR 28.3 million compared to the end of the previous year.

The increase in the net debt level - in line with previously communicated plans - is mainly due to execution of the fleet renewal project. The leasing related liabilities increased by EUR 21 million (with no significant change in fleet size) and several vehicles were purchased by cash in the value of EUR 10 million during 2022 (from the liquidity generated by the bond issuance)

Due to the higher net financial indebtedness, the net leverage ratio, a multiple of the last twelve months recurring EBITDA, increased from the 1.6x of 2021 yearend to 1.9x.

At the end of 2022, Waberer's Group had access to the following main sources of external financing (in EUR million):



Corporate bond:

- Fixed-rate bond issued in 2022, maturing in 2032, with repayments starting in 2027 in 10% annual instalments. The purpose of the bond is to refinance loans, finance the construction of logistics warehouses, finance regional acquisitions and finance fleet replacement.

Leasing and long-term real estate rental agreements:

- Waberer's Group finances the vehicles in its fleet mainly through leasing.
- Waberer's Group typically enters into long-term leases for the use of real estate rented for its operations (mainly warehouses and partly office buildings). The value of rents under these agreements is capitalised under current IFRS16 rules and included in the Group's debt portfolio.

Other credits:

- Other working capital and long-term, debt-type liabilities.

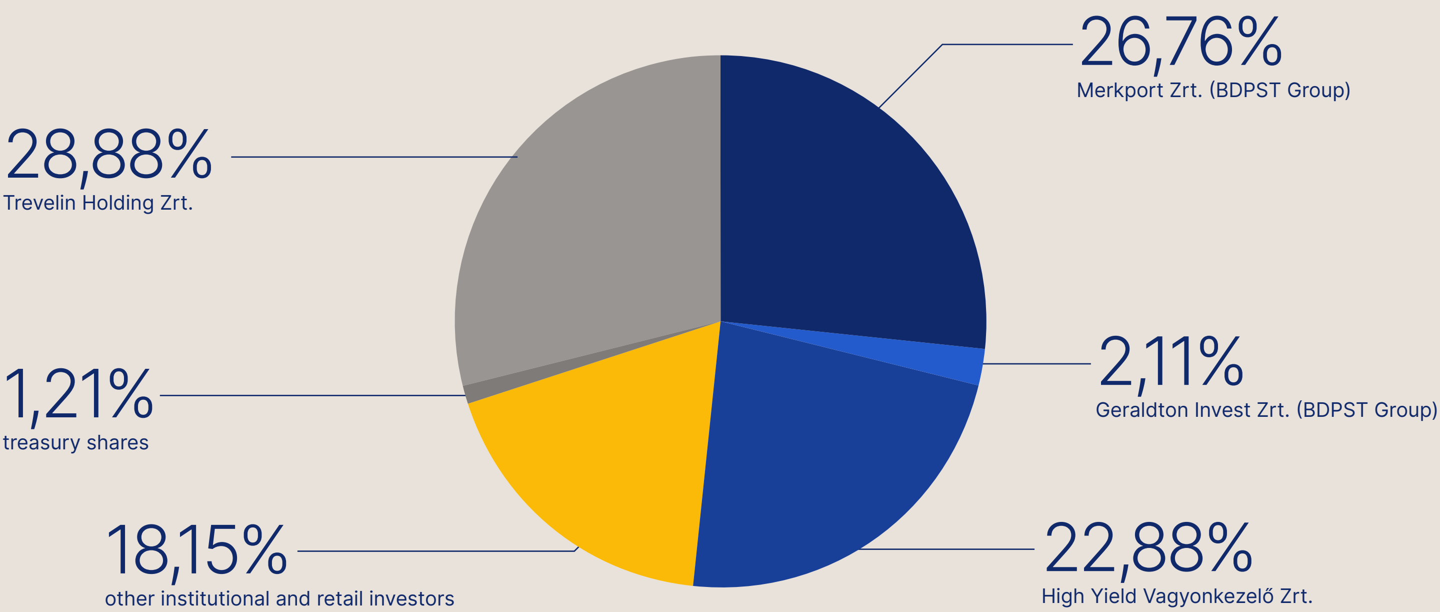
INVESTOR RELATIONS / OWNERSHIP STRUCTURE

SHAREHOLDER STRUCTURE

The main changes to the ownership structure of Waberer's in 2022 are as follows:

- HIGH YIELD Vagyonkezelő Zrt. and MHB Optimum Zrt. have made a public bid for the purchase of the Company's shares, increasing their combined stake from 41% to 49.64%;
- The 21% stake held by MHB Optimum Zrt. was acquired by BDPST Group;
- Trevelin Holding Zrt.'s shareholding decreased to 28.88%.

As a result of the above changes, the ownership structure of Waberer's International Nyrt. as at 31 December 2022 was as follows[4]:



On 14 February 2023, Merkport Zrt., a member of BDPST Group, announced its intention to acquire the 22.88% share stake owned by HIGH YIELD Vagyonkezelő Zrt. This transaction will enter into force subject to the relevant regulatory approvals, which have not yet been obtained at the time of this publication.

4 Source: KELER Zrt. and information from the owners. Note: the above figures do not necessarily reflect the ownership structure as recorded in the share register. Registration in the share register is not compulsory. However, shareholders can only exercise their rights as shareholders against the company if they are registered in the share register.

ANALYSTS

The Company's performance in 2022 was regularly monitored by the following 2 research houses. On behalf of Equilor Befektetési Zrt., the analyses were prepared by Lajos TÖRÖK in 2022, who was replaced by József PUZSÁR as of 1 March 2023.

RESEARCH COMPANY	ANALYST	CONTACT
Concorde Securities Zrt.	Gábor Bukta	g.bukta@con.hu
Equilor Investments Zrt.	József Puzsár	jozsef.puzsar@equilor.hu

The regular analyses prepared by the analysts are available on the Company's website at the following link:
https://www.waberers.com/hu/befektetoknek/elemzesek

INVESTOR RELATIONS

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DIGITAL TRANSFORMATION

The digital transformation of the logistics industry, which has recently been gaining momentum, is a strategic priority for Waberer's Group. Its main objectives are to optimise operations and increase the efficiency of the workforce, for the purpose of which there have been a number of recent and ongoing IT developments. In the following, we highlight the main projects and developments in this area.

The year 2022 saw a continuation and reinforcement of the digital transformation and related IT developments that have been a strategic objective in previous years. In the following, we highlight a few projects and developments in this regard.

EXPANDING THE USE OF MOBILE APPS

Driver mobile apps that are routinely used nowadays are being enhanced with additional features, such as chat functionality that supports individual and group messaging. The successful completion of the online training on the "ECO Driving" vehicle type and economical driving for all drivers in 2022 is another example of how digitalisation solutions can speed up and improve the flow of information and the efficiency of business operations.

INCREASING THE AUTOMATION OF THE INTERNATIONAL DRIVER ACCOUNTING PROCESS

In 2022, Waberer's International's custom-developed SAP cloud-based driver accounting system has been modernised. In addition to the technical version upgrade, the project aimed to speed up the accounting process and improve data quality, in order to achieve full transparency and increase employee satisfaction. The system uses data from ERP and telematics systems to propose the accounting, which, as experience has shown, significantly reduces manual data entry and the potential for errors, not to mention advanced analytical capabilities.

SOFTWARE ROBOTS FOR AUTOMATING INTERNAL PROCESSES

Another innovation to increase the efficiency of the Group's internal processes is the use of software robots. The so-called RPA **(Robotic Process Automation)** technology has been used to automate many manual processes in recent years.Today, there are around 50 software robots doing work, which both reduces the amount of repetitive work and minimises the potential for human error in each business process.

As a result, the human resources freed up can perform higher added value activities.

ENERGY EFFICIENCY

In consideration of external environmental impacts, energy efficiency has also become a key factor in the IT sector in recent times.

By consolidating the server park in our ground infrastructure, we have achieved an energy consumption reduction of around 20% and are gradually increasing the use of systems running in our cloud data centres which have been using green energy at increasing rates, thereby reducing the company's carbon footprint towards its sustainability goals.

In addition, in the interest of energy efficiency, data from submeters at the company's sites are recorded and processed in near real time in the central data warehouse system. The data is displayed and analysed using BI reports, providing a transparent way of tracking the energy use of individual sites and larger power consumption units.

CUSTOMER CONTACT BY ELECTRONIC MEANS

Our Polish subsidiary is able to significantly speed up and refine dealings with key customers, thanks to the implementation of EDI (electronic data interchange), which reduces the cost of keeping contact in business.

TECHNICAL DEVELOPMENTS

In FY 2022, the following main technical improvements were implemented at Group level:

ENERGY MONITORING SYSTEM DEVELOPMENT

To manage the impact of the global energy crisis, which has intensified in 2022, we have equipped our sites with remotely readable submeters. By continuously monitoring the incoming data and analysing data trends, we filter out any anomalies and identify locations where energy improvements are needed.

RENEWABLE ENERGY PLANNING

In line with the previous point, and complementing it, we are gradually opening up to the use of renewable energies at our sites, so the construction of a complex water-to-water and water-to-air heat pump heating system is at an advanced planning stage for the workshop hall and office building of our site on Nagykőrösi road.

IMPROVING ENERGY PERFORMANCE

The project will include the external graphite insulation of the buildings at our central site in Budapest, as well as the installation of modern underfloor heating in the ground floor offices. We replaced 42 outdated, uninsulated scan-doors in the repair and maintenance workshop with modern, insulated sectional doors that allow natural light to pass through.

VALUE ADDED SERVICES

In line with the expansion of the Group's core business, the technical area has actively contributed to the development of the pool of equipment needed to differentiate the FTL sector services. In the framework of this activity, we have converted 105 tarpaulin trailers for tyre transport and prepared a further 75 trailers for priority intermodal operations.

INTEGRATION OF THE REPAIR AND MAINTENANCE PROCESS OF THE DOMESTIC AND INTERNATIONAL VEHICLE FLEETS

In 2022, the integration of the vehicle fleet maintenance processes related to the ITS and RCL segments was completed, which significantly simplified and accelerated vehicle operation and maintenance activities by utilising existing parallel processes and synergies. The resources freed up by the integration have been used to reduce former subcontractor activity and increase in-house maintenance activities, and to expand the scope of repairs carried out for external parties.

SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY

Waberer's, as one of the leading transport companies in the European economy and the most influential in the domestic economy, is aware that its operations have a significant impact on the environment and society.

The company has, therefore, developed an approach that is committed to sustainable development, environmental awareness and the reduction of CO_2 emissions. In addition to complying with legislation, the Company works towards environmental sustainability and applies the latest developments in transport, freight forwarding and logistics to ensure economic sustainability. Waberer's has previously focused on this goal by monitoring its objectives on an ongoing basis in terms of environmental awareness, business ethics, sustainable sourcing and social responsibility. In order to translate its values into business practice and to think sustainably at a strategic level, in addition to day-to-day operations, in September 2021 the company created a separate unit, the Green Division, which is now responsible for setting sustainability plans and targets. **We believe that only service providers that put carbon neutrality at the heart of their target system will be able to provide competitive services in the future.** Thus, taking into account the company's main profile and activities, the Green Division is mainly concerned with the development and implementation of solutions, technologies and methodologies that can primarily reduce the company's carbon footprint and help Waberer's Group move towards carbon neutrality.

The first and most important step for 2022 was to be able to measure CO_2 emissions from our daily transport and warehousing activities. This was the starting point for further work. After all, the first step to improving anything is to measure well. As a result, we have set up a measurement system that allows us to provide a reporting service not only to ourselves but also to our partners, making it easier for us to measure our own sustainability goals.

In the short term, our strategy towards carbon neutrality is intermodal transport, with goods transported by rail for the majority of the journey. At the end of June 2021, we launched the first trailers transported by rail on the Central-Eastern Europe - Rotterdam - UK and East-Central Europe - Ruhr area routes.

In April 2022, we successfully opened our Budapest - Ruhr area intermodal line on this corridor, concentrating our capacity in the Ruhr area. This has enabled us to implement a cost-effective intermodal operation that fits more flexibly to the needs of our customers, and is perfectly adapted to changing market conditions. We are continuously exploring the option of opening a new European corridor within the framework of our intermodal operation, which, in addition to broadening our range of environmentally-friendly services, would fit both our customers' needs and our road transport portfolio. A key selection criterion is to ensure that the line has the capacity and service quality required from the rail operator, while at the same time is cost-effective to operate, allowing the operation to be run successfully and risk-free from a business perspective, while reducing the environmental footprint. Thanks to our intermodal activities, we have saved more than 1,080 tonnes of CO_2 emissions in 2022.

Our medium-term strategic goal is to include vehicles with alternative powertrains in the fleet. The demand for alternative powertrains is growing steadily. We believe it is important to be able to provide a relevant business response to this growing demand. In 2021, as a result of the positive results of the vehicle tests, we introduced LNG and electric technology within the scope of our distribution activities, and these investments continued in 2022. By the end of 2022, our options relating to vehicles with alternative powertrains expanded. Our fleet continues to grow dynamically and now consists of five vehicles: 2 Volvo FH 40 t LNG tractors, 1 DAF 37 t electric tractor, 1 Volvo FL 16 t electric truck, 1 Renault DZE 16 t electric truck, which are operated in the framework of our domestic logistics activities. Thanks to the new vehicle technology, the company saved a total of 40 tonnes of CO_2 emissions in 2022. Another advantage of these vehicles is that, in addition to lower emissions, they are also much quieter in their operation, making their presence less intrusive for city residents, especially in urban distribution.

In 2022, we started refuelling with HVO 100 as part of the international operation. HVO 100 is a 100% renewable fuel compatible with our existing diesel vehicles. It is a 100% renewable alternative to conventional fuel oil, produced from bio-based feedstocks, by-products and waste. It is one of the most sustainable fuels for diesel vehicles on the market, which we can use in our existing conventional powertrain vehicles, and generates up to 90% less CO_2 emissions than conventional diesel. In 2023, we aim to make this fuel as widely available as possible on international routes.

A key condition for our environmental sustainability is the continuous rationalisation of our energy consumption. Road trucks are a crucial part of the supply chain, essential for providing smooth service. With this in mind, our Group is consciously working to pioneer the development of its existing infrastructure and reduce emissions from its activities. Part of our strategy is to have a fleet with young and state-of-the-art EURO 6 engines. As a result of the arrival of new vehicles and the implementation of our alternative vehicles, CO_2 emissions from Waberer's domestic transport operations decreased by 3.6% from 2021 to 2022, and by 1.85% on our international road operations.

There have been significant changes in energy performance in 2022 in the field of warehousing as well. In 2022, we made an energy performance investment in our BILK warehouse, replacing the previous metal halide lighting with smart LED lighting that switches automatically according to nearby movement and lighting conditions outside. This will save nearly 18 tonnes of CO_2 in 2022.

In the long term, however, we believe that hydrogen will be the environmentally-friendly fuel of the future for long-distance freight transport, and we, therefore, believe it is important to promote the technology. However, this requires a use-case-centred approach that addresses bottlenecks and a value chain-wide collaboration and implementation roadmap, as the technology is currently in its infancy compared to electric propulsion. As a first step, we have joined the National Hydrogen Platform, where we are currently participating in the work of the Transport and Hydrogen Gas Networks working groups.

EU TAXONOMY REPORT

According to Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852), companies required to publish non-financial reports must report on how and to what extent their activities are considered sustainable.

This information must show the extent to which the sales revenue, operating costs and CAPEX related to the activities defined in the Taxonomy Regulation are linked to environmentally-sustainable activities. The current legislation requires a demonstration of mitigation and the degree of adaptivity to climate change, which must be expanded in later years to include the analysis of additional parameters.

PRESENTATION OF TAXONOMY-ELIGIBLE ACTIVITIES:

Sales revenue: Eligible revenues under EU Taxonomy were derived from road and rail transport activities and non-life insurance activities.

OPEX: There were no cost items eligible for recognition under EU Taxonomy in 2022 for Waberer's Group.

CAPEX: Investments eligible under the EU Taxonomy were related to property renovations.

PRESENTATION OF TAXONOMY-ALIGNED ACTIVITIES

As Waberer's Group has not yet carried out a climate risk and vulnerability assessment, none of its activities classified as sustainable can be classified as Taxonomy-aligned.

SUMMARY OF ALIGNMENT WITH THE EU TAXONOMY

[EUR MILLION]	CONSOLIDATED GFIGURES	SHARE OF TAXONOMY-ELIGIBLE ACTIVITIES	SHARE OF TAXONOMY-ALIGNED ACTIVITIES
Sales revenue	668	89%	0%
Operating expenses	302	0%	0%
CAPEX	19	3%	0%

COMPLIANCE

The main task of our quality management is to track and meet market expectations, while keeping the company's processes systematic, traceable and transparent.

The management of Waberer's Group has decided to implement the ISO 9001 quality management standard to satisfy customer and statutory demand, and, integrated with this, at the subsidiaries concerned due to their business, the ISO 14001 environmental management, ISO 28000 safety management, ISO 50001 energy management, VDA 6.2 automotive supplier standard, HACCP, IFS Logistics food safety based on HACCP, ISO 45001 occupational health and safety and TAPA FSR standards. We consider the continuous and flexible development of our integrated management system and the achievement of our objectives to be a priority, in order to secure a long-term future and contribute to the success of our customers, our employees and society.

The Group's employees embrace the requirements of the integrated management system, and their work is characterised by a focus on precision, quality, the environment and energy. All this is supported by an effective training and information system, making a conscious contribution to the implementation of an complete, integrated management. The Group is committed to safe and healthy work. All our employees have a duty to work in a safe and careful manner in their work area, and are provided with the necessary protective equipment and knowledge, and undergo mandatory annual refresher training. Our activities are carried out under appropriate hygiene conditions, with particular attention to personal and warehouse hygiene.

We take utmost consideration of and comply with legislation to protect the quality of human life and the natural environment, and other requirements imposed by our customers, as well as with applicable legal and other obligations related to energy efficiency. We support the procurement of energy efficient products and services to achieve better energy efficiency. In order to prevent environmental damage, we have assessed and continuously reduce the environmental impacts and risks of our activities, and we also strive to protect customer property and products.

CORPORATE SOCIAL RESPONSIBILITY

Creating value, caring for each other and our environment, and social responsibility are the cornerstones of Waberer's Group policy.

In practice, our commitment is also reflected in our support for communities and initiatives that help disadvantaged children and young people in need, provide education, preventive healthcare and the protection of our environment, so foundations and organisations regularly benefit from our grants. Social concern is a core principle in our general approach, and even the Russian-Ukrainian conflict has not forced us to compromise in our efforts to help those in need, and to contribute and support the work of various aid organisations with our professional expertise.

SUPPORT IN THE MOST DIFFICULT TIMES

We felt obliged to stand by our strategic partners, the Hungarian Charity Service of the Order of Malta (Magyar Máltai Szeretetszolgálat) and the Hungarian Interchurch Aid (Magyar Ökumenikus Segélyszervezet) in emergency situations so that we can support those who need it most.

"In everything I did, I showed you that by this kind of hard work we must help the weak, remembering the words, the Lord Jesus himself said: It is more blessed to give than to receive." (Acts of the Apostles,

It is even possible to trace back the origin of the proverb "It is better to give than to receive" to the above biblical quote. Ever since the war erupted, during 2022 Waberer's Group has completed a total of 390 donation shipments. This means that our trucks covered 125,700 kilometres for and on behalf of Hungarian aid organisations both domestically and abroad.

"In extraordinary situations, where the fate of all of us becomes uncertain, where our daily lives change unpredictably, it is more difficult to honour commitments and bear responsibilities. We all feel weaker, whilst the burdens imposed on us are greater than at other times. These are the moments when we know exactly that our own strengths are not sufficient and that we can accomplish the tasks that have been entrusted to us only together and united. In such cases, the usual words we utter in the time of peace, like donor and partnership, do and cannot articulate the quality the cooperation between the Hungarian Charity Service of the Order of Malta and Waberer's meant and still means to us in our daily lives. We found partners, friends that, acting as a responsible company, not only accepted their social responsibility, but actually did much more (as an organisation and also on a personal level) by becoming involved in and committed to our mission that we, the members of the Order, carry our for people in need." Lajos Győri-Dani, Acting Vice-Chairman, Hungarian Charity Service of the Order of Malta

However, in these extraordinary times we did not just support aid organisations, but also completed charitable delivery and warehousing tasks of the Group's partners free of charge, in 2022, too.

THE "LUNGS OF THE CITY"

In the context of the grant contract concluded with the University of Pécs, it was Waberer's that transported the winning 'Lungs of the City' tendering building of the university's student team to the world's No. 1. architectural innovation competition, Solar Decathlon. The primary objective of the competition was to facilitate cooperation between university research groups by relying on the creativity and innovation capabilities of new student generations so that, based on this cooperation, they can design and build, in just 14 days, energy efficient buildings that can become the prototype of the homes of future generations while relying on renewable energy carriers and demonstrating sustainability.

In an effort to contribute to the project, we provided 11 trucks for the delivery of the project house and rendered full-scope logistics assistance. The total value of the grant we offered exceeded HUF 5,000,000.

Sustainability objectives have become the focus of Waberer's Group's strategic decisions. It is our conviction that climate change caused by carbon dioxide emissions is one of the most serious environmental, economic and social problems of humanity, to which we cannot close our eyes – as this is a key issue in terms of sustainable development. Waberer's is fully aware that the environmental footprint of logistics is considerable, as this industry is responsible for approx. 7% of the world's overall carbon dioxide emissions.

"The carbon-neutralisation of logistics processes is long and can only be measured in decades. Therefore, in the meantime (in addition to bringing our own carbon-neutralisation initiatives to the forefront), we are pleased to support all initiatives that are set to accomplish this noble cause. We regarded "The Lungs of the City" as such a project and we are specifically proud that we were able to help a domestic team make progress in moving closer to achieving their objectives. Comprising excellent experts, by relying on our support, this team can already boast outstanding achievements" – Barna Erdélyi, a member of Waberer's Board of Directors.

"In in addition to on-time and precise delivery, it is also an outstanding feature of our cooperation with Waberer's is that they also participate in the arrangement of the goods, the optimisation of delivery, in compiling the best route and delivery organisation, thereby reducing the harmful emissions of delivery as effectively as possible. In the meantime, engaging in ongoing consultations with our students and university teachers, they are passing on their knowledge to the upcoming generation'" – explained Dr. Tamás Kondor, Associate Professor, Deputy Dean of the Technical and IT Faculty of the University of Pécs.

SUPPORTING LOCAL INSTITUTIONS AND COMMUNITIES: MAKING DONATIONS TO EVERYDAY LIFE

The relationship between WSZL and the National Directorate for Disaster Management (Katasztrófavédelem) can be traced back all the way to 2012 when the company joined the Bükk Rescue Team as a logistics squad. This cooperation is a good example of how the resources of a large company and the professional expertise of an external organisation, authority can be put to the best use.

DRAWING COMPETITION FOR CHARITABLE PURPOSES

After more than 50 years of successful cooperation, in 2022 Volvo Hungária Kft. and Waberer's Group invited the youngest generation for common reflection in the context of a drawing competition.

Entitled "Draw further", the competition invited children to imagine the most creative forms of the future of goods transport. Promoting the importance of carbon-neutrality, the best creations of the competition are used to adorn the trailer and the driver's cab of a Volvo truck. Launched jointly by the two companies, the drawing competition also served charitable purposes: after each drawing submitted, the Hungarian Charity Service of the Order of Malta received a sum of HUF 5,000 in grant and the amount accumulated (amounting to HUF 2,220,000) was used to promote the wellbeing of war refugee children that fled to Hungary.

“Sustainability and social responsibility – including the supporting of future generations in particular – are at the heart of Waberer’s Group. Acting together with Volvo Hungária Kft., we took the first and second steps towards a greener future by putting alternative vehicles, that is LNG and electric trucks to work.

We were very interested to see how today’s young generation imagines the modes and means of delivering goods to the shelves of shops in 20 years from now. At the same time, we could also not pass the events in our neighbourhood unnoticed. Therefore, this was more than just a drawing competition, this was also a chance for young people to support a good cause with their creations’ – Zsolt Barna, the Chief Executive Officer of Waberer’s Group added.

A FOCUS ON THE GENERATION OF THE FUTURE

Assisting children and passing on opportunities to future generations are matters of paramount importance to the Group. In 2007, we launched our scholarship scheme to support talented, top performing but disadvantaged pupils and students with a monthly scholarship. The scheme was devised with an objective to ensure that we can support top performing but socially disadvantaged children and young people even until the completion of their tertiary studies enabling them to improve their chances in life. With the assistance of the International Children’s Safety Service (Nemzetközi Gyermekmentő Szolgálat), today as many as 30 pupils and students receive financial support all year round representing an enormous help for participating families. As a part of this scheme, every year since 2017 we have been continuously organising a relaxed afternoon event in a real Christmassy mood for our scholarship fellows.

The cooperation of WSZL and Waberer’s with the Saint Francis Foundation of Déva (Dévai Szent Ferenc Alapítvány) goes back more than 10 years. Last year, too, we participated in the ‘Angel Procession’ initiative, in the course of which Waberer’s trucks were used to deliver Christmas presents to children living in Transylvanian orphanages. Yet again, we were able to fulfil the Christmas wish of thousands of children brought up in orphanages across the border. However, the donationdelivery activity of our Group does not focus solely on the festive season, as last year there were a number of occasions where we acted hand in hand with our Partners – Dr.Oetker, Mars, Reckitt Benckiser, Unilever – to deliver presents to two communities in Szeklerland (Székelyföld).

We have also not forgotten about the Nest Child Protection Association of Érd (Érdi Fészek Gyermekvédő Egyesület). We have been delivering clothes, toys, books, household articles and detergents to them for a number of years now. Unilever – Domestos School Sanitary Facilities Refurbishment Scheme: In 2017, WSZL and Unilever established cooperation for charitable purposes, the main beneficiaries of which are children. Our participation in the School Sanitary Facilities Refurbishment Scheme demonstrates the commitment of our Company to social matters and we deliver and store the construction materials necessary for the refurbishment works to the winning schools free of charge.

PASS IT BACK, BRO!

The Group also joined the Pass it back, bro! campaign of the FOLLOW /KÖVET/ Association and The Jane Goodall Institute. The objective of the initiative was to ensure that mobile phones and accessories no longer used are recovered, as their manufacturing exerts an extremely negative impact on the natural and human environment. In just 1 year, we managed to collect a total of nearly 800 out-of-use phones.

SUPPORTING QUADRUPEDALS

The relationship between WSZL and Nestlé Purina PetCare Europe goes back to many years. During our partnership, we jointly delivered several tons of pet food donations to various animal sanctuaries. If we were asked to highlight one more connection we have with Purina of which we are proud, then this would be the initiative where WSZL have also become a dog-friendly workplace, for two years now.

It is common knowledge that the presence of quadrupedals produces a positive effect on us, bipeds. Furthermore, there are studies confirming that employees taking their pets with them to work, show less signs of stress. Owing to all these beneficial effects and Purina’s support, we also joined the Purina Pets At Work Alliance.

In 2022, out of our common matters with Purina, our charity project relating to the For Beagles Non-Profit Association (Beagle-ért Közhasznú Egyesület) was extremely close to our heart. Since 2009, the Szeged-based species rescue association rescued and saved hundreds of beagles, helped them find a new owner, with some rescued from research labs. The organisation also delivers regular presentations at schools advocating responsible animal keeping. We are always happy to help in what we do best and, again, we delivered Purina’s donations to the Association free of charge.

THE PRESERVATION OF GOOD HEALTH

In 2022, the Group continued to support the special cancer screening lorry of the International Children's Safety Service (Nemzetközi Gyermekmentő Szolgálat) and provide citizens with poor access to healthcare services with regular screening opportunities. Waberer's fully assumed the maintenance and upkeeping costs of a lorry that was transformed for gynaecological screening purposes, including the lorry's preparation for deployment for action.

HUMAN RESOURCES

Economic difficulties cross-cutting the entire year significantly transformed the human policy lines of action. In addition to retaining quality labour, the securing of staff necessary for the implementation of the company's growth strategy posed significant challenges.

In 2021, we launched new routes to secure labour that were aimed at hiring employees from India and Kenya. Hiring from third countries was nothing new to HR colleagues but these new routes also required them to acquire knowledge necessary for employment methods not used before. **In addition to successfully onboarding and integrating employees from India and Kenya, we are especially proud of our newly acquired knowledge by which we contribute to growing the company's knowledge management base.** We regard the employment of these nationalities as an important strategic objective accomplished, thereby securing the supply of our manual workers. As an international company, we are permanently committed to attracting further nationalities and including them in our recruitment strategy so that we can satisfy our labour needs. However, as a Hungarian company, we continue to favour the employment of our compatriots. This is the reason why we invest in various training courses, in order to provide support.

In order to ensure that we can retain our labour force, we paid particular attention to employee needs that arose during the year. **In the wake of this, we revised our home office policy, the needs of the employees and have revised our policy by taking the company's employment policy guidelines into account.**

Transparent operation is particularly important in all areas of corporate operation and, to this end, **a misuse/abuse reporting process was introduced** supporting employees in matters that, from an HR point of view, are regarded as discrimination, the violation of equal treatment or workplace mobbing/bullying.

In 2022, female heads were appointed to manage 4 departments and this serves as a prime example of the implementation of the equality of chances in everyday life, as a result of which the diversity of our senior and middle management staff has increased.

We are proud of the fact that **the number of students in the learner-driver school operated within the Group increased by 40%** compared to the previous year. In addition to our previous courses in

Serbian, Ukrainian and Romanian, courses are now also available in English as a result of the employment of new nationalities. In order to increase the efficiency of our training schemes, we developed our own driving and examination circuit and the official permits necessary to operate them are currently being obtained. Due to the increasing number of students, we doubled the fleet of the learner-driver school. Based on further needs emerging within the Group, another focal point going forward will be the widening of the training portfolio of the learner-driver school. Regarding the retention of our machine controller/operator courses, we are also waiting for the positive results of the official authorisation process.

In order to increase the environmental awareness of our truck driver staff, **we ordered our nearly 3,000-strong staff to attend the Eco-Driving training course.** Combining theoretical and practical elements, the course helps, among other things, in becoming aware of technical features supporting economical driv-

ing, including their practical application. **87% of our truck driver staff involved in training has successfully completed the course.**

Regarding training, the other main focus of attention concerned the competence development of managers, as in recent years we transformed the company's organisation to a significant extent, which also placed our managers under high pressure and, in parallel with these changes, management training/development was not realised to the degree that was required by the new organisational structure. The training's objective is to strengthen colleagues in the efficient and successful management of daily challenges faced by managers.

In terms of HR strategy, the performance assessment system we developed and launched last year was a major milestone, as it allows us to effectively and efficiently react to and address employees' needs, career opportunities, in addition to providing our colleagues with objective feedback. The process was launched as a pilot project in selected organisational units. Going forward, our further objective is to introduce it in all organisational units of the company and make employees aware that this is a part of our corporate culture.

Although the forms of employment have changed considerably, **during the course of the year we also strived to organise programmes for various groups of employees, designed to strengthen team spirit and cohesion.** Within this framework, we organised our **"The forklift driver of the year"** event, where our expert drivers arriving from different business sites could put their expertise to the test. The focus of attention shifted towards esteem and loyalty: the fact that, yet again, human beings are the most important value of our Group contributed to the success of our company to a large extent. We highlighted these invisible heroes who play a role that is just as important that the one played by those leading the way. The COVID pandemic and all the extraordinary events that affected all of us in recent years were a wake-up call, reminding us that we must pay attention to everybody, without exception.

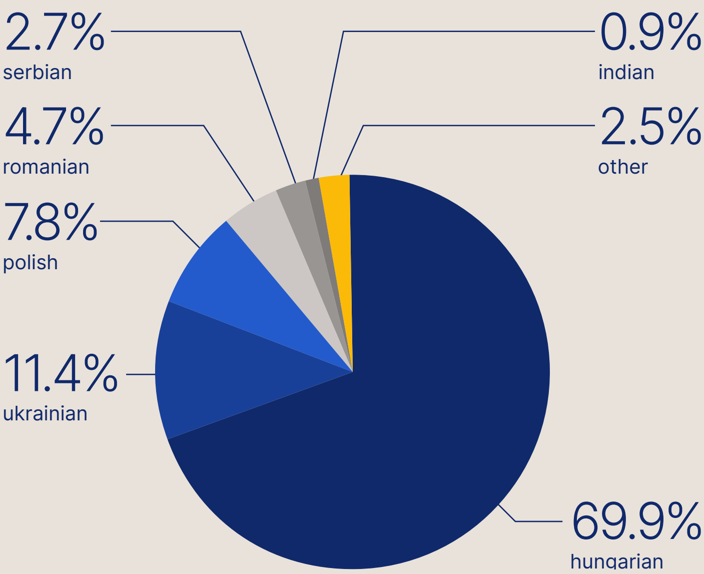
For this reason, in 2022 it was our intention to highlight and put in the spotlight those who work in our warehouses and on the roads, day after day, to ensure that important goods reach their destination. The **"Warehouseman of the Year"** and the **"Truck of the Year"** awards and award ceremonies were designed to appreciate manual workers on whom we can rely under all circumstances. This was not any ordinary "Employee of the Year" award and award ceremony in the traditional sense, in fact, it was much more. Though it may sound hackneyed and trivial, but the fact that they were highlighted individually and praised by not only their immediate supervisor but the Chief Executive Officer, meant so much to both them and us.

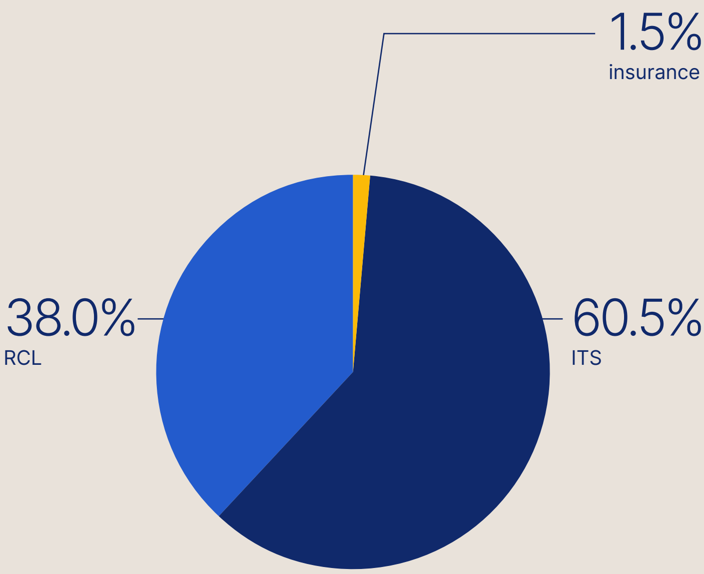
In order for us to be able to develop, it is important to be aware of the satisfaction of employees and also their commitment to the company. Facing this is not only indispensable and useful in the life of the company, but also a brave decision. We launched a series of multifaceted surveys on a group level to assess subjects like employee satisfaction and commitment.

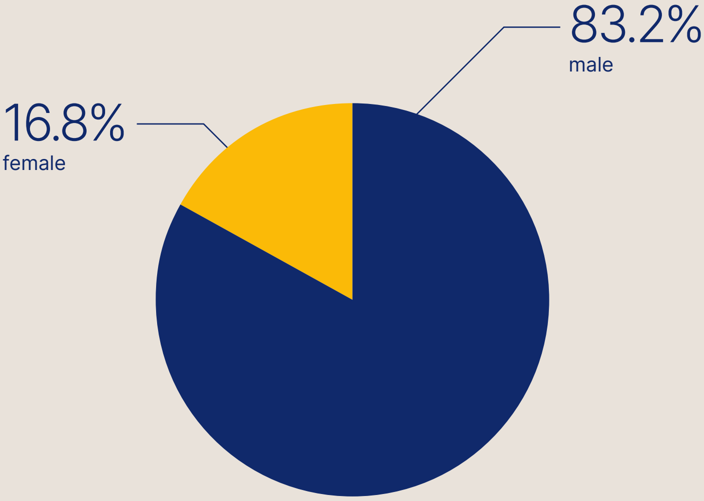
The following figures outline the nearly 6,000 employees of Waberer's Group, according to various dimensions.

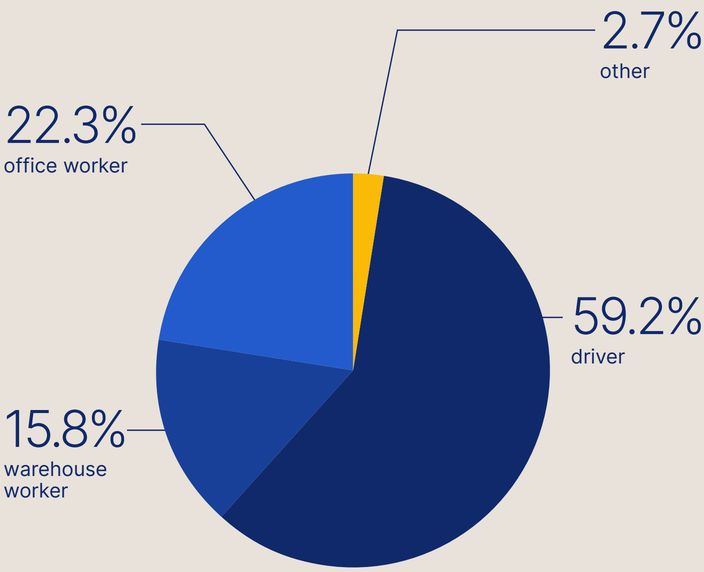
As attested by the figures, the highest proportion of the Group's employees work in the international haulage (ITS) segment (including the Hungarian and Polish-based operations of the segment). Three-quarters of the employees work in driver and warehouse worker positions. Due to the specificities of our business, more than three-quarters of the employees are men. 98% of the colleagues working in driver positions are men, in the case of warehouse employees, the ratio of men to women is two-thirds to one-third.

Finally, regarding white collar employees, the representation of male and female staff members is nearly balanced. At group level, the vast majority of the employees are Hungarian, Ukrainian and Polish nationals (representing 89% of all staff). Currently, the rate of employees from outside of Europe is below 1%.









CORPORATE GOVERNANCE AND CORPORATE BODIES

BOARD OF DIRECTORS

The Company's executive body is the Board of Directors, which manages the affairs of the Company and the Group, represents the Company before third parties, courts or other authorities.

Acting for and on behalf of the Company, the Board of Directors may acquire rights, assume liabilities and determine the Company's business activities. The members of the Board are obliged to carry out their activities with increased diligence that can generally be expected of the holders of such office, placing the interests of the Company at the fore.

The Board of Directors is made up of at least 3 (three) and at the most 7 (seven) members. The members of the Board of Directors are elected by the General Meeting for a term of three years. Unless the General Meeting provides otherwise, the mandate of the members lasts until 31 May of the third year following their election, with the proviso that if in the year of the expiration of their mandate the annual general meeting is held prior to 31 May, their mandate expires on and by the day of the general meeting. The Board of Directors elects a chairperson from among their members. The division of tasks and competences among the members of the Board of Directors is defined in detail in the rules of procedure of the Board of Directors (www.waberers.com/hu/befektetoknek/alapdokumentumok). The Board of Directors determines its rules of procedure itself.

The Board of Directors may make a decision regarding all matters and cases affecting the Company, unless they fall within the exclusive competence of the General Meeting. In all matters where decision-making falls within the exclusive competence of the General Meeting by law, the Board of Directors must submit a proposal regarding the decision to be made by the General Meeting.

The duties of the Board of Directors include in particular but are not limited to the following matters:

- the verification of the individual and consolidated business and financial plans of the Company and Group members, including their major capital investments, acquisitions and divestitures;
- the submission of the annual report as per the Accounting Act (including a proposal for the utilisation of net earnings/profit after tax) to the general meeting;
- the submission of the report outlining the corporate governance practice of the Company to the annual ordinary General Meeting, including the ongoing supervision of the efficiency and effectiveness of the corporate governance practice;
- the preparation of a report on the management and on the Company's financial position and business policy at least once a year for the General Meeting and on a quarterly basis for the Supervisory Board;
- ensuring of the proper and compliant keeping of the Company's business books;
- participation in the laying down of strategic guidelines and in the development of a corresponding strategy; participation in any strategic cooperation agreement, partnership and/or joint venture by, for and on behalf of the Company or any Group member;
- the exercising of shareholder rights with respect to Major Subsidiaries;
- the setting of corporate objectives in agreement with the Supervisory Board, including the ongoing supervision of their accomplishment, and the provision of information about implementation to the Supervisory Board;
- the ensuring of the compliance of financial and accounting reports;
- the exercising of employer rights over employees in key positions, determining the remuneration principles of management, supervising their activities and, if necessary, taking the appropriate measures to enforce that the Remuneration Policy approved by the General Meeting is observed;
- the management of the cases of conflicts of interest, approving associated transactions, approving guidelines that are designed to strengthen the application of the arm's length principle, i.e. the usual terms and conditions to be applied between and among independent parties, tracking the related practice adopted by the Company, approving the Code of Conduct of the Company;
- the determination of risk management guidelines and policies that are designed to ensure the mapping and surveying of risk factors, the appropriateness of internal control mechanisms, including their legal compliance;
- providing for the mechanism of the appointment of the members of the Board of Directors;
- the determination of the principals and fundamental rules of management succession;
- the laying down of principles concerning the transparency of corporate operation and the disclosure of important corporate information, including the supervision of adherence thereto;
- ensuring that appropriate contacts (with appropriate frequency) are maintained with shareholders, approving the policy governing insider dealing, including the discharging of tasks as per the powers set out in the policy.

The meeting of the Board of Directors has quorum if at least half of its members are present. The Board of Directors passes its resolution by open voting with the simple majority of the members present, unless the rules of procedure provides otherwise. Additional rules regarding the holding, the powers of and decision-making by the meetings of the Board of Directors are set forth in the rules of procedure of the Board of Directors.

The current operating model of the Board of Directors was set out after the change of ownership that was completed on 25 March 2021.

The members of the Board of Directors may hold senior management / executive positions in another economic operator engaging in core activities that are identical with those of the Company (international and domestic road haulage) only if such positions were approved /authorised by the general meeting of the Company, or (in the case of another business engaging in an activity that is identical with that of the Company) by the Board of Directors of the Company.

Having regard to the fact that the Company operates a two-tiered governance model, it is not necessary to scrutinise the independence of the members of the Board of Directors, nevertheless the Company strives to comply with guidelines laid down in Section 2.6 of the Responsible Corporate Governance Recommendations of the Budapest Stock Exchange. In 2022, the three-member body had one executive and two independent members.

The members of the Board of Directors, the status of their independence and the date of their appointment in 2022 (the professional curriculum vitae of current members is available on the website of the Company, their name in the table below is shown in bold type):

NAME	POSITION	DATE AND TERM OF ELECTION
Dr. Márk Czéh-Tóth	independent non-executive (external) member / chairperson	20/04/2021 – 31/05/2024
György Wáberer	independent non-executive (external) member	20/04/2021 – 31/05/2024
Barna Erdélyi	non-independent, executive member	21/03/2017 – 19/04/2021 01/09/2021 – 31/05/2024

From among the members of the Board of Directors, the Company concluded contracts with György Wáberer, and also with companies under his direction, including BILK Logisztikai Zrt. (for warehouse rental services), Supernova Intertrans Kft. (for haulage subcontracting services), Vámkapu Zrt. (for customs clearance services) and Waberer Medical Center Kft. (for healthcare services). At the same time, the board member has made a statement to the effect that this legal relationship neither leads to a conflict of interest, nor endangers decision-making for and in the interest of all shareholders.

AS AT 31 DECEMBER 2022, MEMBERS OF THE BOARD OF DIRECTOR HOLD THE FOLLOWING NUMBER OF SHARES	
György Wáberer	885 shares
György Wáberer via HIGH YIELD Vagyonkezelő Zrt., of which he is the sole shareholder	4,048,476 shares

CHIEF EXECUTIVE OFFICER

The Company's work is organised, directed, managed and controlled by the Chief Executive Officer (CEO), in accordance with the law and the Articles of Association, pursuant to decisions made by the General Meeting and the Board of Directors. Decisions on matters concerning which the General Meeting, the Board of Directors or the Supervisory Board do not have exclusive powers, fall within the scope of authority of the CEO. The CEO develops the Company's work organisation and exercises employer rights towards and over the Company's employees (excluding senior officers in key positions) which powers may be delegated to the employees of the Company.

Effective from 16 April 2018, the CEO of the Company is elected by the Board of Directors for this position. The CEO of the Company is Zsolt Barna who has served in the position of Chief Executive Officer since 1 September 2021.

MANAGEMENT

In 2022, the following persons belonged to the key management positions of the Company and the Group:

ZSOLT BARNA
serves as the CEO of the Company as of 1 September 2021, and additionally, since 2008 he has been the head of the regional contracted logistics business as Managing Director of WSZL Kft. (prior to 12/01/2023: Waberer's-Szemerey Kft.).

BARNA ERDÉLYI
is an executive member of the Board of Directors, and has served as the Director for Corporate Affairs as of 1 September 2021. Within the Group, he holds the position of Chairman of the Board of Directors of Wáberer Hungária Zrt. and LINK Sp. z o.o.

SZABOLCS GÁBOR TÓTH
serves as Deputy Chief Financial and Strategic Officer from 23 June 2020. Within the group, he is co-Managing Director of WSZL Kft. and a member of the Board of Directors of the Wáberer Hungária Zrt. and LINK Sp. z o.o. subsidiaries.

The professional curriculum vitae of management members currently employed by the Company is available on the website of the Company.

The relationship between the Board of Directors and management

The executive Board member (Barna Erdélyi) of the Company participates in the decision-making of the Board of Directors, whilst the Chief Executive Officer, the Chief Financial Officer and the Chief Legal Counsel are permanent guests invited to the meetings of the Board of Directors. The Board of Directors may invite further business line managers and the directors of various professional areas in an ad hoc manner, in connection with discussing certain related subjects.

Regarding the profitability of the Company's and the Group's activities, management delivers monthly reports to the members of the Board of Directors during the ordinary meetings of the Board of Directors, apart from which flash financial reports are also sent to Board members on a weekly basis. The monthly management report features a uniform, standard structure providing information about the monthly and year-to-date (cumulative) figures of the Company's and the Group's operations, highlighting the deviation of profitability and key performance indicators from values in the base period and the business plan. Key economic data presented in the monthly management report include:

- changes in the consolidated profit of the Company and the Group;
- changes in the EBITDA and EBIT values of the Company and the Group by key areas, including a detailed variance analysis of deviations from the plan and the base period;
- changes in the consolidated turnover of the Company and the Group;
- changes in the profit, key performance indicators and quality ratios of the various business areas (including in particular the international and regional contracted logistics segment and insurance activities);
- changes in the asset and financial position and indebtedness of the Company and the Group;
- changes in the current employee headcount of the Company by professional areas; with a focus on scarce professions;
- the status of business relations with major customers and suppliers;
- working capital management;
- the current status of key corporate projects
- other strategic decisions, action plans.

Regarding major changes to and in projects that either affect the operations of the Company and Group or that are deviating from the business plan, management carries out ad hoc analyses for the Board of Directors.

SUPERVISORY BOARD

The Supervisory Board consisted of six members until the resignation of Ferenc Mike during 2022. The Board then continued its work with five members. Members of the Supervisory Board are elected by the General Meeting for a term of 3 (three) years.

Unless the General Meeting provides otherwise, the mandate of the members lasts until 31 May of the third year following their election, with the proviso that if in the year of the expiration of their mandate the annual general meeting is held prior to 31 May, their mandate expires on and by the day of the General Meeting. One third of the Supervisory Board consists of employees' delegates. The employees' delegates are appointed by the Works Council from among the employees, taking into account the opinion of the trade unions operating at the Company. Apart from membership based on employee participation rules, no employee of the Company may be a member of the Supervisory Board. Following the election of its members, the Supervisory Board elects a chairman from among its members for the duration of the chairman's term of membership.

The majority of the members of the Supervisory Board must be independent persons. A member of the Supervisory Board is considered independent if they have no legal relationship with the Company other than their membership of the Supervisory Board and a transaction which is part of the normal activities of the Company and which meets the needs of the member of the Supervisory Board. The majority of the members of the Supervisory Board has no relationship of any kind with the Company, its management and its controlling shareholders. The Supervisory Board requests the members to confirm their independence annually, prior to the preparation of the Corporate Governance Report.

The members of the Supervisory Board must participate in person in the Supervisory Board's operation. The members of the Supervisory Board are independent from the management of the Company and may not be instructed in their activities. The Supervisory Board establishes its own rules of procedure that is approved by the General Meeting.

A member of the Supervisory Board may not be a senior officer or, except for the acquisition of shares in a public limited company , acquire shareholding in companies which are engaged in an economic activity as core activity identical to that of the Company, unless the General Meeting of the Company has given its consent. A member of the Supervisory Board or their relative – with the exception of usual everyday transactions – may not conclude contracts in the scope of the core activity of the Company in their own name or for their own benefit. A member of the Board of Directors of the Company or their relative may not be elected as a member of the Supervisory Board. If a member of the Supervisory Board takes a new mandate for another executive office, they shall notify the Company within 15 (fifteen) days of accepting such mandate.

The Supervisory Board supervises the management of the Company in order to safeguard the interests of the Company. In order to carry out this activity, it may inspect the Company's documents, accounting records and books, request information from the Board of Directors and the Company's employees, examine the Company's payroll, cash, securities and goods and contracts and have them examined by an expert. The Supervisory Board is obliged to examine the proposals submitted to the General Meeting and to present its position on them to the General Meeting. The General Meeting's proposal on the Remuneration Policy must also be assessed in advance by the Supervisory Board. The General Meeting may render decision on the annual accounts in accordance with the Accounting Act and the use of profit after tax only after receiving a written report from the Supervisory Board.

If, in the opinion of the Supervisory Board, the activities of the management are in conflict with the law or the Articles of Association, contrary to the resolutions of the General Meeting or otherwise prejudicial to the interests of the Company, the Supervisory Board is entitled to convene a General Meeting to discuss the matter and take the necessary decisions.

The Supervisory Board renders its decisions with the simple majority of those present. The detailed rules of the operation of the Supervisory Board are set out in the Supervisory Board's rules of procedure.

The members of the Supervisory Board, the status of their independence and the date of their appointment in 2022 (the professional curriculum vitae of current members is available on the website of the Company, their name in the table below is shown in bold type):

NAME	POSITION	DATE AND TERM OF ELECTION
Ferenc Mike	independent / chairman	20/04/2021 – 24/05/2022
David William Moffat Thompson	**independent / chairman**	**28/08/2018 – 31/05/2024**
Sándor Székely, employees' delegate	**non-independent**	**11/05/2017 – 31/05/2024**
Mária Kazuska Szalainé, employees' delegate	non-independent	31/05/2017 – 08/04/2022
Attila Verestóy, employees's delegate	**non-independent**	**08/04/2022 – 31/05/2024**
Dr. Norbert Szivek	**independent**	**20/04/2021 – 31/05/2024**
Dr. Attila Végh	**independent**	**20/04/2021 – 31/05/2024**

A Felügyelőbizottság tagjai 2022. december 31. napján nem rendelkeztek Waberer's részvénnyel.

AUDIT COMMITTEE

From the members of the Supervisory Board who are considered independent, the General Meeting elects an Audit Committee of 3 (three) members for a term of office equal to the term of the various member's membership of the Supervisory Board.

Members, status and term of mandate of the members of the Audit Committee (the professional curriculum vitae of current members are available on the website of the Company):

NAME	POSITION	DATE AND TERM OF ELECTION
David William Moffat Thompson	independent / chair-man	for a term equal to the term of Supervisory Board membership
Dr. Norbert Szivek	independent	for a term equal to the term of Supervisory Board membership
Dr. Attila Végh	independent	for a term equal to the term of Supervisory Board membership

The Audit Committee assists the Supervisory Board in monitoring the financial reporting system, selecting the auditor and cooperating with the auditor. The Audit Committee is entitled to use external consultant(s) as necessary to carry out its tasks. The Audit Committee oversees the effectiveness of risk management, the operation of the internal control system, the selection of the auditor and the independence of the auditor.

NOMINATION AND REMUNERATION COMMITTEE

In 2022, the Company did not have a Nomination and Remuneration Committee.

INTERNAL CONTROLS AND RISK MANAGEMENT

SYSTEM OF INTERNAL CONTROLS

The regular operation of the Company is ensured by the internal control system. Within the internal control mechanism, all managers and executives must assess the risks in their area of management and mitigate them by issuing internal policies and monitoring compliance. The Internal Audit Department may monitor the effectiveness of the internal control mechanism in the framework of its annual audit programme and ad hoc audits, and reports quarterly to the Supervisory Board on its findings and corrective measures.

The Company's financial statements are monitored by the segmental and central controlling functions, which are reviewed weekly by senior management and monthly by the Board of Directors. An in-depth and comprehensive review of the financial statements takes place on a quarterly basis, when all the above-mentioned functions and bodies review the figures and messages to be published, and quarterly reports are also reviewed by the Audit Committee before publication.

The Company's internal control procedures are governed by the following principles:

SHARING RESPONSIBILITIES.
Each task is assigned to at least one function and manager.

SEPARATION OF RESPONSIBILITIES.
Corporate functions and employees have clearly identified and fixed responsibilities.

INDEPENDENT INTERNAL AUDIT FUNCTION.
The Internal Audit Department reports to the Supervisory Board and the Audit Committee.

TECHNOLOGICAL CONTROLS.
Where possible, technological controls are implemented to prevent human error or misconduct.

RECORDS.
Record-keeping procedures are implemented at all levels to ensure that the Company can track its past experience

RISK MANAGEMENT FRAMEWORK

The Company is committed to identifying, assessing and managing risks in its business activities in order to deliver stable and profitable performance and create value for shareholders.

Taking into account the potential negative consequences is, therefore, an integral part of the day-to-day operational as well as strategic long-term decision-making process.

The primary objective of the Company's risk management process is to understand the risks and their potential impact. The Company recognises that in most cases, it is not possible to eliminate risks, and therefore prefers to mitigate and manage the negative impact of risks effectively. Accordingly, the Company will only take on any risks after proper assessment and effective management of the impacts and, where possible, mitigate the likelihood and impact of these risks through internal control reviews and process controls.

In this context, the Company has defined its risk management policy as follows:

- **Universal approach.** For each key activity, project or other aspect, the relevant risks that could have a significant impact on the company's operations are identified and assessed as accurately as possible. These risks, assessed during the risk assessment interviews with the Group's managers, are mapped in the annual audit planning process on a "risk map" according to the probability of occurrence and the impact of occurrence.
- **Holistic approach.** Daily risks are identified, assessed and managed at operational level. However, all risk factors and risk management practices should be examined and assessed at group level.
- **Regular monitoring.** The development and management of risks is monitored at operational level, while strategic risks are monitored by the Audit Committee and the Board of Directors.
- **Order of priority.** Investigations under the annual internal control plan and resources are allocated to place more emphasis on managing the risks that are most likely to occur and have the greatest potential impact.
- **Effectiveness of risk management.** When choosing the method of risk management, the most effective tool is selected.

RISK FACTORS

Waberer's has identified five categories of risks that it faces in its business and that are relevant to stakeholders such as investors, customers or employees: market risk factors, regulatory risk factors, financial risk factors, operational risk factors and insurance-specific risk factors.[5]

MARKET RISK FACTORS

The Group operates in the multi-player transport and freight forwarding sector, which includes a number of European freight forwarding and logistics companies. With its EU-focused international freight services (the "International Transport Segment"), the Group competes primarily with other carriers that provide long-haul freight services and freight forwarding services similar to those provided by the Group. In Hungary and in the Central and Eastern European region, the operating segment offering regional freight forwarding and logistics services (the "Regional Contract Logistics segment") competes primarily with other companies offering regional logistics, warehousing and distribution services in Hungary. Wáberer Hungária Biztosító Zrt. (the "Insurer") competes with other non-life insurers in Hungary. The Company, therefore, operates in a number of transport-related markets in Europe and the Central and Eastern European region and is exposed to a number of factors that could adversely affect the Group's business, results of operations, financial condition, cash flows, prospects and reputation.

5 The risk factors presented below are not intended to be an exhaustive list or explanation of all the risks that stakeholders may encounter when dealing with the Company and should be used as a guide only. There may be other risks and uncertainties not currently known to the Group or which the Group currently considers to be intangible, but which individually or cumulatively could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects. The order of risk factors described below is not based on the materiality or likelihood of occurrence of the factors.

These factors include, among others:

MACROECONOMIC RISKS.

Economic conditions that reduce demand for transport or increase the supply of trucks and trailers may put pressure on rates or asset utilisation, thereby reducing asset productivity, particularly in market segments and industries where the Group's customers are concentrated (including FMCG, the automotive, logistics and electronics sectors) and in regions of Europe where the Group has significant business activities (including Hungary, Poland, Slovakia, Germany, Italy, France, Spain, the Netherlands, Belgium and the United Kingdom). There are a number of specific factors that can adversely affect such general economic conditions, with the most significant macroeconomic uncertainty at present being the high level of inflation and the resulting decline in GDP, but further weakening of European integration and anti-EU political movements, as well as region-specific deterioration in economic performance or external trade relations in Central and Eastern Europe, also have a negative impact on the economic environment for logistics operators.

SECTOR SPECIFIC RISKS.

The European transport sector is exposed to a number of risks that affect the profitability of the transport services provided by the Company. These risks can vary from country to country and include, for example, unexpected changes in taxes, customs duties, tolls, or employment and environmental regulations.

STRATEGY.

In 2021, the Group adopted an ambitious growth strategy, which included international acquisition plans, significant investments in logistics infrastructure and the acquisition of customers with significant high value-added logistics services. Achieving growth may involve macroeconomic, market, implementation and technological risks.

CUSTOMER SERVICE.

In order to maintain and increase revenues and profitability, it is important that the Group retains its existing customers and continues to acquire new customers across all its businesses. The Group's contract business is based on a competitive bidding process involving the Group and its competitors. There can be no assurance, however, that the Group's existing contracts will be renewed or that the Group will continue to participate successfully in future tenders. Given that there are significant differences in the profitability levels generated by the Group's customers, maintaining cooperation with customers that generate higher profit levels is critical to improving Group-wide performance.

EMPLOYEES AND KEY PERSONNEL

Of all the employee groups, Waberer's identifies the group of drivers as the most important element in its human resource management model. Although the reduction of the fleet size in the International Transport Segment (ITS) has resulted in a significant reduction in the number of foreign (non-Hungarian and non-Polish) employees employed by the Group, thus reducing the risks associated with the shortage of drivers, the reduction in labour market demand experienced during the first COVID waves has now completely disappeared, thus the recruitment of foreign colleagues is again necessary to ensure the number of drivers required for the continued operation of the fleet. The outbreak of the war between Russia and Ukraine has increased the risk for the Group of securing sufficient numbers of drivers, as some of the existing drivers of Ukrainian nationality have decided to return home, and the possibility of recruiting new drivers of Ukrainian origin has been eliminated in 2022. In order to ensure a sufficient workforce, Waberer's Group has opened up to new labour markets and as a first step has started hiring drivers of Indian origin.

SUPPLIERS AND SUBCONTRACTORS.

The Group relies on suppliers and service providers to provide it with certain specialised products and services, including, but not limited to, products and services related to the purchase of trucks, trailers, fuel and tolls. Of particular note are subcontractors related to transport and warehousing, on which the Company relies much more heavily to serve its customers. There is a risk that the Company may not be able to maintain business relationships with suppliers and subcontractors, or that suppliers and subcontractors may not be able to provide products and services to meet the Group's needs, or that the price or quality of the products and services they offer may change in an unfavourable direction.

ENVIRONMENTAL AND TECHNOLOGICAL RISKS.

Given the current significant environmental footprint of road transport, a possible tightening of CO_2 emissions could pose a serious challenge to the transport industry. Although Waberer's Group is continuously testing and, as far as possible, deploying vehicles that can be operated with a smaller environmental footprint in the fleet, the technology is not yet at a level of maturity where current transport operations can be carried out with significant CO_2 emissions in the short term.

LOGISTICS SUPPLY CHAINS AND CHIP SHORTAGE RISK.

Supply chain disruptions observed globally may cause unpredictable production fluctuations for the Company's customers, which may affect the order volumes of these customers. Chip shortages, also observed globally, are not only a risk to customers through changes in production volumes, but also to Waberer's Group's vehicle purchases and thus to the planned operating cost level. The Russia-Ukraine war has also challenged supply chains within Europe, both in terms of sanctions against companies with Russian links and the security of production of partners with suppliers in Ukraine, risks that are unlikely to be mitigated at present.

FUEL AND ENERGY PRICE RISK.

Although the Company regulates the risks arising from significant increases in fuel prices in its customer contracts, significant fluctuations in fuel prices may lead customers to reconsider and possibly adjust their transport portfolio. The significant rise in electricity and gas prices has put the Company under significant cost pressure, which the Group is managing through investments in energy generation and efficiency improvements, and the introduction of contractual clauses similar to those used to manage fuel price changes.

GEOPOLITICAL RISKS.

Although the armed conflict in the Ukraine does not directly affect Waberer's operations, it could have a knock-on effect on the Group's operations through possible disruptions to customer supply chains, the availability of workers from the region and the macroeconomic impact of the events. A possible escalation of the conflict could pose further, currently unknown, challenges for the Company.

REGULATORY RISK FACTORS

The Company's exposure relates to the regulatory environment of all the countries in which it operates, as well as to supranational and intergovernmental rules, the most important of which is the European Union. This requires licences to operate the Group's transport, logistics and insurance branches. The most important rules for transport and logistics services, such as international transport contract conditions, road safety policies, environmental standards and drivers' pay, working hours and other conditions, are regulated at national, EU and UN level. The most significant regulatory change for the cross-border road transport sector in Europe to date has been the introduction of the so-called "Mobility Package", which has set common rules on, among other things, rest periods for drivers, minimum wage levels for drivers and cabotage activities, which can have a significant impact on a company's business. The long-term effects of the introduction of regulation and the risks involved in monitoring compliance remain unpredictable in the long term. In the shorter term, the Company sees a risk of possible increases in operating costs and specific fines resulting from possible breaches of operationally challenging rules, but in the longer term, higher cost levels are expected to be reflected in prices and we also expect possible reductions in price pressure generated by carriers from countries further east.

FINANCIAL RISK FACTORS

The Company's financial risks include credit risk, liquidity risk, interest rate risk and foreign exchange risk.

CREDIT RISK.

Credit risk is the risk that the Group will suffer losses due to customers defaulting on contractual terms, which in the case of Waberer's is primarily the risk of default by customers. The Company uses commercial credit lines and continuously monitors exposures and maturities to manage credit risk.

LIQUIDITY RISK.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity of the Group has improved significantly over the past 2 years, and the liquidity risk has been reduced accordingly.

FINANCING RISK

Financing risk refers to the availability of short and long-term financing solutions (including vehicle leases, short and long-term loan products, factoring facilities, bank guarantees, etc.) provided to the Company by banks and leasing companies, and the availability of external financing sources for future investment plans. Due to the cash generation capacity of the Company and the EUR 111 million raised as a result of the bond issued in the second quarter of 2022, the funding risk is not significant in the short term. A repayment obligation may arise for the bond issued on factors that are considered standard covenants for similar types of financing solutions (e.g. pari passu, negative pledge, failure of investment plans, bankruptcy, liquidation, winding-up proceedings, non-payment of bond obligations, indirect breach of contract), if the Company's net indebtedness exceeds the 4.00 rate or if the Board of Directors of the Company proposes to the General Meeting of Shareholders a dividend payment higher than 30% of the relevant annual net profit after tax.

FOREIGN EXCHANGE RISK.

Most of the income and expenses of the companies within the Group are in the Group's functional currency, the euro. For some Group members, the functional currencies are the Romanian leu, the Polish zloty and the Hungarian forint, and therefore fluctuations in the RON/EUR, PLN/EUR and HUF/EUR exchange rates are the Group's currency risk. Open foreign exchange positions arising from costs not incurred in EUR and not covered by revenues (natural hedge) are partially hedged by the Company through foreign exchange hedges.

INTEREST RATE RISK.

The Company has, among others, floating rate leases and loans as interest-bearing debt obligations, which are currently not hedged, with interest costs rising in 2022 as financing rates increase. However, the corporate bond issued during 2022 has a fixed interest rate, so it does not generate any interest rate risk for the Company.

WAGE REGULATION AND TAX RISK.

From the perspective of the Company's tax profile and operating model, the most significant risk is considered to be tax and regulatory (e.g. minimum wage) changes related to wages. It may take significant time for the Company to compensate for any changes that have a negative financial impact.

OPERATIONAL RISK FACTORS

Operational risks arise from the possibility that the Company may suffer losses due to internal weaknesses, possible failure of controls, operations or procedures. Such risks can arise from a number of factors, including:

FAILURE OF INTERNAL SYSTEMS OR PROCESSES.

The Group is exposed to operational risks arising from the failure of internal processes or systems to function properly, or from the failure or loss of internal processes or systems or from external events.

The Group is exposed to risks arising from, among other things, fraud by employees or third parties, road accidents, unauthorised transactions and operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems.

PERFORMING WORK.

If Group employees are involved in a strike, walkout or other slowdown event, Group operations may be interrupted.

ADVERSE WEATHER CONDITIONS AND OTHER FORCE MAJEURE EVENTS.

The Group's activities are exposed to adverse weather conditions and natural disasters, unforeseen public health crises, an unstable political environment and the consequences of the refugee crisis in Europe and potential disasters.

IMPROPER USE OF VEHICLES.

There is a risk that trucks and trailers owned by the Group may be used illegally and that its agreements with drivers and customers are violated due to smuggling of goods, drug trafficking, illegal cross-border transport of persons and other illegal activities.

CYBER RISK.

The Group is exposed to cyber risks, as information is valuable and vulnerable in this business sector and must be protected. The Group has internal rules on information security that can be applied in the design and implementation of business processes, solutions and services. Cyber risk is defined as any event that could lead to a data breach, financial loss, reputational damage and interruption of operations caused by the failure of technological systems and procedures.

RISK FACTORS SPECIFIC TO INSURANCE

The Insurer is exposed to specific risk characteristics, including but not limited to:

- Investigations carried out by the Hungarian Financial Supervisory Authority ("MNB");
- The operation of the Insurer is subject to the granting, renewal or continuation of licences and authorisations issued by the MNB;
- The Group's insurance cover, when the Group acts as its own insurer, and the Group's reinsurance cover may not provide effective cover in all circumstances;
- The severity or frequency of claims against the Insurer may increase unexpectedly;
- Disasters and severe weather events can generate significant insurance claims;
- Adverse financial market conditions may significantly affect the ability of the Insurer to optimise its portfolio allocation and realise a profit on its investments;
- The Insurer operates in a specialised focus of the insurance market (vehicle and transport insurance services), and cannot compensate for any negative changes in this market in the short term with its business in other insurance submarkets;
- Changes to industry-specific special taxes affecting financial markets, including insurance markets.

FIGHT AGAINST CORRUPTION AND BRIBERY

Waberer's Group is committed to conducting business in a corruption and bribery-free manner and condemns all forms of corruption, whether directly or indirectly related to the activities of the Group or its business partners, and all employees, partners and subcontractors are prohibited from engaging in or omitting to engage in any conduct, in the broadest sense, that could lead to, or that would lead to, or contribute to, corruption or the influence of a third party.

In addition, all of our business partners acknowledge the provisions of the Waberer's Group Code of Ethicsas binding. Furthermore, in accordance with the CEO's Instruction on the Prevention of Money Laundering and Terrorist Financing, all employees, partners and subcontractors of the company expressly agree to contribute to the fight against the commission of crimes related to money laundering and terrorist financing.

The anti-corruption measures include the "four-eyes principle" enshrined in the Group's Articles of Association, i.e. signing on behalf of the Company may only be performed by two directors, or by one director and one authorised signatory, or by two signatories authorised by the Board of Directors. In addition, the Group has specific instructions for contracting and procurement that incorporate a multi-stage review and adjudication system into the contracting process and include minimum safeguards to screen out risky transactions. In addition, the Group's rules on the exercise of the right to authorise payments ensure that payments are made only after approval by a content approver and a joint authorising officer. Acceptance of business gifts is governed by the Group's Conflict of Interest Policy and Procurement Policy.

Waberer's Group employees can report ethical or anti-corruption incidents by sending an email to visszaelesek@waberers.com, and the Group's Ethical Conduct at Work Reporting Procedure is used to investigate such incidents.

DECLARATION

We the undersigned declare that

- the attached annual financial statements which have been prepared in accordance with the applicable set of accounting standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Waberer's International Plc. and the undertakings included in the consolidation as a whole, and
- the business report gives a fair view of the position, development and performance of Waberer's International Plc. and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties of its business.

Budapest, 27 March, 2023

Barna Zsolt
Chief Executive Officer

Tóth Szabolcs
Group CFO – Finance & Strategy

INDEPENDENT AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2022

STATISTICAL CODE: 10387128522911401 COMPANY REGISTRATION NUMBER: 01-10-041375

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

NOTES

INDEPENDENT AUDITOR'S REPORT
(Free translation)

To the shareholders of Waberer's International Nyrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Waberer's International Nyrt. (the "Company") and its subsidiaries (together the "Group") included in the digital file „5493006YOYPOSXPIQG40 -2022-12-31-hu.zip" [1] which comprise the consolidated statement of financial position for the financial as at 31 December 2022 (in which total assets are EUR 617,813 thousand), the consolidated statement of comprehensive income (in which the total comprehensive income for the year is EUR 9,343 thousand profit), the consolidated statement of changes in equity, the consolidated cash flows statement for the financial year then ended and the notes to the consolidated financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee dated 24 March 2023.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

The non-audit services that we have provided to the Group, in the period from 1 January 2022 to 31 December 2022, are disclosed in note 44 to the consolidated financial statements.

[1] The SHA 256 HASH algorithm value of the 5493006YOYPOSXPIQG40-2022-12-31-hu.zip file:
1B0DE0F19356661755C6316C76744C57950043418EFF5A2F93C8BA3115521966

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable laws and regulations in Hungary and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Subsection (1) and (2) of Section 67/A of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall group materiality	Overall group materiality applied was EUR 1 999 thousand
Group Scoping	In addition to the parent company Waberer's International Nyrt., we included four subsidiaries in our audit, WSZL Szállítmányozási és Logisztikai Kft., Nexways Cargo Kft., Wáberer Hungária Biztosító Zrt. and LINK Sp. z.o.o which are operating in two countries Hungary and Poland respectively. These five companies represent 95% of the consolidated revenue and 97% of the consolidated EBITDA.
Key Audit Matters	• Goodwill impairment assessment • Revenue recognition in the correct period

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Materiality	EUR 1 999 thousand
Determination	2.5% of the consolidated EBITDA
Rationale for the materiality benchmark applied	We chose consolidated EBITDA (earnings before taxes, net financial results, , depreciation and amortization and expected credit losses on bonds) as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 2.5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In addition to the parent company Waberer's International Nyrt. we have identified four subsidiaries, which, in our view, required an audit of their complete financial information, due to their financial significance or risk to the group. Those reporting components are operating in Hungary and Poland.

For the remaining components we performed analytical review on Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Goodwill impairment assessment The Group's Goodwill amounts to EUR 17,892 thousand as at 31 December 2022 in the consolidated financial statements. Impairment assessment involve significant estimates as they are sensitive to changes in assumptions in particular the input variables, discount rate and assumptions underlying future operating cash flows. Management concluded that there was no need for impairment of goodwill.	We agreed the cash-flow forecasts used in the impairment assessment to forecasts approved by the board of directors. We considered management's expectations in respect of material impacts of the external environment and planned operational improvements and whether these were appropriately reflected in the cash flow forecasts. We compared actual historical cash-flow performance with forecasts and determined whether any differences fell within an acceptable range. We independently calculated the weighted average cost of capital with reference to market data.

Details of the nature of the goodwill impairment assessment performed by management are given in notes 3. e) and 6. a) to the consolidated financial statements.	We assessed the sufficiency of the sensitivity analysis performed by management and performed further sensitivity analysis primarily focusing on changes in operating cash-flows. We read the notes 3. e) Intangible assets and 6. a) Goodwill of the consolidated financial statements in order to assess whether they are in line with the requirements of *IAS 1 Presentation of financial statements* and *IAS 36 Impairment of assets*.

Revenue recognition in the correct period

The Group's revenue from customer contracts in 2022 is EUR 675,907 thousand, therefore it is significant from the point of view of the consolidated financial statements. Revenue is recognized when the criteria of the 5-step model according to *IFRS 15 Revenue from Customer Contracts* are fully met. The Group considers sales revenue as a key performance indicator, which can encourage sales revenue to be accounted for before the criteria of the above 5-step model are fully met. Based on the above, we considered the recognition of revenue in the correct period to be a key audit matter. The Group presents the information related to revenue in notes 3 (k) Revenues, 5. Segment information and 22. Revenue of the financial statement.	Our audit procedures included, among others the understanding the process of revenue recognition. In addition, we sample tested the correspondence of the data of the invoicing system with the issued invoices and the financial consideration received, and that the criteria of the 5-step model according to the *IFRS 15 Revenue from Customer Contracts* standard are fully met. We confirmed accounts receivable on a sample basis. In order to assess whether the revenue was recorded in the correct period, we tested transactions before and after the period end date and credit notes issued after the balance sheet date on a sample basis. Furthermore, we examined whether the Group properly discloses the information related to revenue in the consolidated financial statements in accordance with *IFRS 15 Revenue from Customer Contracts* standard.

Other information: the consolidated business report (management report)

Other information comprises the consolidated business report (which is stated as management report in the annual report) of the Group. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX. of 2001 on Capital Market. Our opinion on the consolidated financial statements does not cover the consolidated business report or the annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and the annual report and, in doing so, consider whether the consolidated business report and the annual report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the consolidated business report and the annual report is materially misstated we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility when reading the consolidated business report to consider whether the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the consolidated business report is consistent with the consolidated financial statements.

Because the Company's transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the consolidated business report shall cover the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and state whether the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.

As the Company is a public interest entity preparing consolidated financial statements and the conditions in Paragraph a) and b) of Subsection (5) of Section 134 of the Accounting Act are met at the balance sheet date, the Company shall publish a non-financial statement required by Section 95/C in its consolidated business report relating to the companies included in the consolidation. In this respect, we shall state whether the consolidated business report includes the non-financial statement required by Section 95/C, and Subsection (5) of Section 134.

In the course of fulfilling our obligation, in respect of forming our opinion on the consolidated business report we have considered the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation") as the regulation prescribing further requirements for the business report.

In our opinion, the 2022 consolidated business report and the annual report of the Group, also including the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, is consistent with the 2022 consolidated financial statements in all material respects; and the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and the ESEF Regulation.

We are not aware of any other material inconsistency or material misstatement in the consolidated business report and the annual report and therefore we have nothing to report in this respect.

We state that the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided. The consolidated business report includes the non-financial statement required by Section 95/C, and Subsection (5) of Section 134 of the Accounting Act.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the consolidated financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group on 8 April 2022. Our appointment has been approved by shareholder resolution representing a total period of uninterrupted engagement appointment of 1 year.

The engagement partner on the audit resulting in this independent auditor's report is Balázs Árpád Mészáros.

Report on the compliance of the presentation of the consolidated financial statements with the requirements of the regulation on the European single electronic format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the consolidated financial statements of the Group included in the digital file „5493006YOYPOSXPIQG40-2022-12-31-hu.zip" ("consolidated financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the consolidated financial statements in ESEF format

The management is responsible for the presentation of the consolidated financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary, including the full application of relevant tags and the proper creation and linking of extension elements; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Group's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the presentation of the consolidated financial statements in ESEF format complies, in all material respect, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, and verifying whether the XHTML format was applied properly, evaluating the completeness of the Group's tagging of the consolidated financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the presentation of the consolidated financial statements in ESEF format of the Group for the financial year ended 31 December 2022 included in the digital file „5493006YOYPOSXPIQG40-2022-12-31-hu.zip" complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, 24 March 2023

Mészáros Balázs Árpád
Partner
Statutory auditor
Licence number: 005589
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence Number: 001464

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the consolidated financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this English translation.

INDEPENDENT
AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2022

STATISTICAL CODE: 10387128522911401 **COMPANY REGISTRATION NUMBER: 01-10-041375**

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

NOTES

WABERER'S INTERNATIONAL NYRT.				
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
LINE ITEM	NOTE	31/12/2022	31/12/2021 adjusted	01/01/2021 adjusted
NON-CURRENT ASSETS				
Land and buildings	7	51 226	54 020	61 173
Capital projects	7		-	-
Vehicles	7	127 643	90 733	93 136
Other equipment	7	2 915	3 541	3 943
Total property, plant and equipment		**181 784**	**148 294**	**158 252**
Intangible assets	6	13 084	16 153	16 556
Goodwill	6	17 892	17 730	17 730
Non-current financial assets measured through other comprehensive income - Debt instruments - Long-term	10	51 189	70 325	85 205
Non-current financial assets measured at amortised cost – Debt instruments – Long-term	10	21 036	-	-
Other non-current financial assets	9	8	13	58
Share of reinsurance company in insurance technical reserves	19	47 204	53 268	43 408
Deferred tax assets	32	6 323	6 010	2 821
TOTAL NON-CURRENT ASSETS		**338 520**	**311 793**	**324 030**
CURRENT ASSETS				
Inventories	11	4 170	3 631	2 564
Current income taxes	33	654	1 202	1 865
Receivables from supplies of goods and services (trade receivables)	12	108 496	90 282	72 928
Other current assets	13	25 849	26 043	21 252
Non-current financial assets measured through other comprehensive income - Debt instruments - Short-term	10	37 050	23 395	-
Non-current financial assets measured at amortised cost – Debt instruments – Short-term	10	9 151	-	-
Derivative financial instruments	13	2 585	679	-
Cash at bank and in hand	15	90 124	58 583	76 109
Assets held for sale	14	1 214	71	213
TOTAL CURRENT ASSETS		**279 293**	**203 886**	**174 931**
TOTAL ASSETS		**617 813**	**515 679**	**498 961**
EQUITY				
Share capital	16	6 118	6 118	6 147
Capital reserve	16	23 712	68 438	68 438
Retained earnings	16	66 859	6 198	(13 479)
Other reserves	16	(6 503)	(4 310)	1 876
Translation difference	16	(12 620)	(7 952)	(6 801)
Equity attributable to the parent company		**77 566**	**68 492**	**56 181**
Non-controlling interest		**233**	**325**	**208**
TOTAL EQUITY		**77 799**	**68 817**	**56 389**
LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term loans and borrowings	36	-	20 761	-
Non-current liabilities from the issue of bonds	36	113 813	-	-
Non-current portion of lease liabilities	17	117 083	78 286	101 531
Deferred tax liability	32	822	2 141	914
Provisions	18	25 297	21 328	21 228
Other non-current liabilities		1 431	2 575	3 413
Insurance technical reserves	19	107 542	111 948	97 277
TOTAL NON-CURRENT LIABILITIES		**365 988**	**237 039**	**224 363**
CURRENT LIABILITIES				
Short-term loans and borrowings	20	1 916	24 756	31 815
Current portion of lease liabilities	17	36 054	53 889	62 016
Liabilities from supplies of goods and services (trade liabilities)	34	98 184	87 609	81 728
Current income taxes	32	1 668	1 168	2 057
Contract liabilities	41	3 373	-	-
Other current liabilities	21	26 385	25 293	30 403
Derivative financial instruments	13	1 026	1 532	241
Insurance technical liabilities		5 420	15 576	9 949
TOTAL CURRENT LIABILITIES		**174 026**	**209 823**	**218 209**
TOTAL LIABILITIES		**540 014**	**446 862**	**442 572**
TOTAL LIABILITIES AND EQUITY		**617 813**	**515 679**	**498 961**

all figures in thousand EUR

WABERER'S INTERNATIONAL NYRT.			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	NOTE	2022	2021
Net sales revenues	**22**	**675 907**	**592 526**
Direct costs	23-27	-589 926	-513 668
of which: Depreciation and amortisation		-46 693	-47 004
Gross margin		**85 981**	**78 858**
of which: gross margin net of depreciation		132 674	125 862
Indirect costs	29	-57 809	-54 144
Other income	30	13 753	8 413
Other expenses	31	-8 980	-6 435
Net impairment on financial assets		284	491
Operating profit/loss		**33 229**	**27 183**
Revenues from financial transactions	32	9 275	4 611
Expenses of financial transactions	32	-20 687	-8 716
Financial profit/loss	**32**	**-11 412**	**-4 105**
of which: unrealised exchange differences from financial profit/loss		-3 974	819
Pre-tax profit/loss		**21 817**	**23 078**
Income tax expense	33	-5 613	-4 982
Profit (+) / loss (-) for the year		**16 204**	**18 096**
Of which:			
profit/loss attributable to shareholders of the parent company		16 179	17 979
profit/loss attributable to non-controlling/minority shareholders		25	117
Other comprehensive income:			
Subsequently transferred to profit/loss			
Fair value difference of debt instruments - less deferred taxes		-4 385	-5 629
Cash flow hedge gain / (loss)	13	-2 008	-557
Effective portion of cash flow hedge reclassified to profit or loss	13	4 200	
Foreign currency translation differences on foreign operations		-4 668	-1 151
Other comprehensive income:		**-6 861**	**-7 337**
Total comprehensive income		**9 343**	**10 759**
Of which:			
profit/loss attributable to shareholders of the parent company		9 318	10 642
profit/loss attributable to non-controlling/minority shareholders		25	117
Normal and diluted earnings per share (EUR/share)	4	0,93	1,03
Detailed information:		**2022**	**2021**
EBITDA		**79 980**	**74 187**
EBIT		**33 287**	**27 183**

all figures in thousand EUR

WABERER'S INTERNATIONAL NYRT.			
CONSOLIDATED CASH FLOW STATEMENT			
LINE ITEM	**NOTE**	**2022**	**2021**
Pre-tax profit/loss		**21 817**	**23 078**
Unrealised exchange losses/gains on other assets and liabilities denominated in foreign currencies (-)	31	3 974	- 819
Depreciation and amortisation charge	6, 7	40 167	40 151
Impairment on non-financial assets - or reversal		-	-
Impairment on financial assets - or reversal		- 342	- 491
Interest expense	31	7 248	3 095
Interest income	31	- 2 080	- 7
Difference between provisions made and used	18	5 791	- 560
Change in insurance technical reserves		1 657	4 813
Profit/loss from disposal of property, plant and equipment		69	- 2 377
Profit or loss from the disposal of non-current assets held for sale		241	- 690
Net cash flow from operating activities before working capital changes		**78 542**	**66 193**
Change in inventories	11	- 1 683	- 1 068
Change in trade receivables		- 14 741	- 17 237
Change in other current assets and derivative financial instruments		- 31 069	1 894
Change in trade liabilities		11 022	6 804
Change in other current liabilities and derivative financial instruments		1 109	- 4 259
Change in insurance technical liabilities		- 10 156	5 626
Income tax paid	33	- 6 197	- 7 170
I. Net cash flow from operating activities		**26 827**	**50 783**
Purchase of property, plant and equipment	6, 7	- 19 395	- 6 470
Proceeds from the disposal of property, plant and equip-ment	7	338	1 083
Proceeds from the disposal of non-current assets		10 690	6 728
Change in other non-current financial assets		5	45
Change in insurer's debt and equity instruments		- 146	- 15 042
Interest received	31	483	- 7
II Net cash flow from investment activities		**- 8 025**	**- 13 663**
Repayment of borrowings	35	- 23 923	- 8 648
Issue of bonds	35	110 932	-
Loan repayment	35	- 20 761	-
Lease repayment	35	- 37 431	- 35 293
Lease repayment in the course of buyout for disposal	35	- 11 646	- 7 513
Interest paid	35	- 4 049	- 3 095
Own shares repurchased		-	- 29
Dividend paid		- 117	- 69
III Net cash flow from financing activities		**13 005**	**- 54 647**
IV Change in cash		**31 807**	**- 17 527**
Cash and cash equivalents at beginning of year	15	58 583	76 109
Exchange rate effect		- 266	-
Cash and cash equivalents at end of year	15	90 124	58 583

Budapest, 24 March 2023

all figures in thousand EUR

WABERER'S INTERNATIONAL NYRT.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Capital reserve	Retained earnings	Hedging reserves	Revaluation reserve	Total other reserves (hedging and revaluation)	Translation difference	Equity attributable to the parent company	Non-controlling interest	Total equity
Opening balance as at 01/01/2021		**6 147**	**68 438**	**-13 479**	**-220**	**2 096**	**1 876**	**-6 801**	**56 181**	**208**	**56 389**
Fair value differences on cash flow hedging instruments less deferred taxes		0	0	0	-557	0	-557	0	-557	0	-557
Fair value difference on non-current financial assets		0	0	0	0	-5 629	-5 629	0	-5 629	0	-5 629
Exchange difference in foreign operations		0	0	0	0	0	0	-1 151	-1 151	0	-1 151
Other comprehensive income		0	0	0	-557	-5 629	-6 186	-1 151	-7 337	0	-7 337
Profit/(loss) for the year		0	0	17 979	0	0	0	0	17 979	117	18 096
							0				
Total comprehensive income		0	0	17 979	-557	-5 629	-6 186	-1 151	10 642	117	10 759
							0				
Own shares repurchased from employee ownership programme		-29	0	29	0	0	0	0	0	0	0
Allowances provided free of charge under the employee ownership programme		0	0	378	0	0	0	0	378	0	378
Buy-out of minority shares		0	0	0	0	0	0	0	0	-69	-69
Other movements		0	0	1 291	0	0	0	0	1 291	69	1 360
							0				
Closing balance as at 31/12/2021		**6 118**	**68 438**	**6 198**	**- 777**	**- 3 533**	**- 4 310**	**- 7 952**	**68 492**	**325**	**68 817**
							-				
Fair value differences on cash flow hedging instruments less deferred taxes		0	0	0	2 192	0	2 192	0	2 192	0	2 192
Fair value difference on non-current financial assets		0	0	0	0	-4 385	-4 385	0	-4 385	0	-4 385
Exchange difference in foreign operations		0	0	0	0	0	0	-4 668	-4 668	0	-4 668
							0				
Other comprehensive income		0	0	0	2 192	-4 385	-2 193	-4 668	-6 861	0	-6 861
							0				
Profit/(loss) for the year		0	0	16 179	0	0	0	0	16 179	25	16 204
							0				
Total comprehensive income		0	0	16 179	2 192	-4 385	-2 193	-4 668	9 318	25	9 343
							0				
							0				
Transfers to capital reserve	37. d.,	0	-44 726	44 726	0	0	0	0	0	0	0
Dividends to minority shareholders		0	0	0	0	0	0	0	0	-117	-117
Other movements		0	0	-244	0	0	0	0	-244	0	-244
							0				
Closing balance as at 31/12/2022		**6 118**	**23 712**	**66 859**	**1 415**	**- 7 918**	**- 6 503**	**- 12 620**	**77 566**	**233**	**77 799**

Budapest, 24 March 2023

all figures in thousand EUR

INDEPENDENT AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2022

STATISTICAL CODE: 10387128522911401 **COMPANY REGISTRATION NUMBER: 01-10-041375**

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

NOTES

1. REPORTING ENTITY

Waberer's International Nyrt. (hereafter "the Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The consolidated financial statements as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (hereinafter collectively referred to as: the "Group", and separately as "Group entities"). The Group's core activity is transportation, forwarding and logistics services.

2. BASIS OF PREPARATION

2.1. Going concern disclosure

As a result of the successful stabilising efforts and new business model introduced in 2020 and followed in 2021 in response to the losses suffered in 2019 and in 2020, the Group returned to profit and managed to sustain its profitability. It achieved an outstanding profit in 2022, representing the highest profit level since the Company's IPO.

The main contributor to the Group's improved results in the past two and a half years was the significant improvement of profit in the ITS business segment as a result of the measures taken. At the same time, the RCL and the Other segments, which were highly profitable in earlier years, also sustained and increased their profitability as well as their share in the Group's activities, which created a positive effect in the distribution of activities. All segments performed well in 2022, exceeding their targets while laying the foundations for future growth.

The Group successfully issued bonds with a nominal value of EUR 111 million in April 2022. The bond carries a fixed interest rate, has a maturity of 10 years, with a 10% repayment in years 5-9 and a 50% repayment in year 10. In line with its strategy outlined in December 2021, the Group used and uses the proceeds from the bond issue to build its own warehouse, finance regional acquisitions and fleet replacement, as well as to refinance its existing loans. The capital raised will provide predictable long-term funding for Waberer's continued growth and will thus enable the Group to improve its competitiveness, develop its core infrastructure, and geographically expand its already successful contract logistics services in the following years.

The Group's earlier working capital funding refinanced from bonds and provided under stringent conditions and strictly determined collateral was replaced by unsecured long-term funds, which ensure stable short- and long-term financing for the Group, and a reassuring level of liquidity reserves for the implementation of the Group's strategic development projects.

As a combined result of successful and profitable business operations, and the extra funding from the bond issue, the Group was characterised by continuous solid liquidity and accumulated a significant amount of cash, EUR 90 million, as at 31 December 2022.

For the assessment of the going concern basis, management considered a number of various factors, including Group profits and available funding, as follows:

- The Group's profits exceeded the budgeted figures in 2021, and in 2022, which is mainly attributable to the implementation, fine-tuning, and improvement of the new business model.
- The Group had successful business operations in the second half of 2020, in 2021 and in 2022, and is expected to maintain its success in the coming years as a result of the future impacts of management's action plans. The sustained period of success confirms the lasting positive effect and crisis resilience of the business model. However, risks associated with the adverse and rapidly changing political and economic environment might have an impact on the Company's ability to further improve its performance.
- Based on the management's estimate, the Group's financial leeway is positive – also with regard to the international transportation (ITS HU) and regional contract logistics (RCL) segments, which are members of the cash pool group – and is secured in 2022 by the funding sourced largely from the issued bond.
- Working capital needs are met by means of the operating profit and the bond presented above. Furthermore, our bank arrangements allow for a prolongation of our vehicle leases maturing in 2023.

The Company's new ownership structure also creates an environment which fosters its development and financial stability.

Both management and Waberer's International Nyrt.'s Board of Directors members consider that the Group has sufficient funds to continue operating as a going concern in the foreseeable future, and the financial statements have been prepared on this basis.

As disclosed in note 43, Subsequent events, the Group is closely monitoring the highly volatile developments of the global economy as well as the consequential money and capital market anomalies, industries and supply chain difficulties. Although an underfulfilment of short- and medium-term financial plans cannot be ruled out in view of the volatile international political and economic environment, the Company's considerable liquidity surplus will ensure its financial capacity and the going concern even under such difficult conditions.

The consolidated financial statements do not contain any adjustments of the amounts and classifications presented which would be necessary if the going concern basis could no longer be applied to the Group.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

2.2. Statement of compliance with International Financial Reporting Standards

The Group's consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

IFRSs comprise accounting standards issued by the IASB and its predecessor, as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor.

The consolidated financial statements were approved by the Board of Directors on 24 March 2023.

2.3. Basis of measurement

With the exception of derivative financial instruments and the non-current financial assets measured through other comprehensive income – Debt instruments, which are measured at fair value, the consolidated primary financial statements were prepared on a historic cost basis.

2.4. Functional and presentation currency

92% of the Group's business is done within the European Union. The Group is financed in EUR and, owing to the special and EU-wide nature of the Group's business, the country risk premium for Hungary is barely considered by the Group's funders when establishing their interest premiums. Accordingly, the consolidated financial statements are prepared in EUR, which has been the Group's presentation currency since 1 January 2013.

The functional currencies, other than EUR, used by Group entities are presented below:

COMPANY	2022	2021
Waberer's - Szemerey Logisztika Kft.	HUF	HUF
Wáberer Hungária Biztosító Zrt.	HUF	HUF
Közdűlő Invest Kft.	HUF	HUF
KDI Property Kft.	HUF	HUF
WPL Fulfillment Zrt.	HUF	-
Waberer's Románia SA	RON	RON
LINK Sp. z o.o.	PLN	PLN
NewDefine Sp. zoo	PLN	PLN

2.5. Use of estimates and judgments

The preparation of financial statements in accordance with the following accounting policies requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual figures may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognised in the period in which the estimate is adjusted and in any future periods affected by the adjustments.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the notes below:

- measurement of the recoverable amount of cash-generating units comprising goodwill (see Note 6 (a))
- provisions and contingent items (see Note 18 and 40)
- measurement of financial instruments (Note 39 (d))

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

3.1. Standards and interpretations issued but not yet effective, but adopted by the EU

3.1.1. IFRS 17: Insurance contracts

The amendment is originally effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. In its March 2020 meeting, the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective of the amendment is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard is effective from 1 January 2023.

The Group assessed the expected impacts of introducing IFRS 17. Based on the estimates, the Group's equity is expected to increase by EUR 15-22 million, but these effects are not yet final and the transition work is not yet complete.

The actual impact of adopting IFRS 17 may differ from the above estimates for the following reasons:

- New accounting processes and internal controls related to IFRS 17 not yet finalised at the subsidiary concerned.
- The new systems have not yet been operational for a long time and the related controls are still being evaluated.
- The new accounting policies, estimates and assumptions related to IFRS 17 may also change until the subsidiary prepares its first financial statements that already include the adoption date for IFRS 17 (1 January 2023).

CHANGE COMPARED TO IFRS 4 ACCOUNTING	EXPECTED IMPACT ON EQUITY AFTER INTRODUCTION OF IFRS 17
Decline in net claims reserve due to implementation of best estimate	increase
Introduction of risk adjustment	decrease
Discontinuation of deferred acquisition costs	decrease

3.1.2. IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The standard is effective from 1 January 2023.

3.1.3. IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The standard is effective from 1 January 2023.

3.1.4. IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12 Income taxes, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, increase taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) increase taxable and deductible temporary differences that are not identical. The standard is effective from 1 January 2023.

3.2. Standards and interpretations issued but not yet effective and not yet adopted by the EU

3.2.1. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that the total gain or loss must be recognised when a transaction involves a business activity (regardless of whether or not it is in a subsidiary). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The Amendments have not yet been endorsed by the EU.

3.2.2. IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the Covid-19 pandemic, the Board has deferred the effective date by one year, i.e. until 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the balance sheet. The amendments affect the presentation of liabilities in the balance sheet and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period as current, if those covenants are not met at the end of the reporting period.

Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments. Accordingly, entities will not be required to change the current practice before the proposed amendments come into effect. The standard is effective from 1 January 2024. The Group believes that these amendments entering into force will not have a significant impact on the Group's consolidated financial statements.

3.2.3. IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)

On 22 September 2022 the IASB issued "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024. The Group believes that these amendments entering into force will not have a significant impact on the Group's consolidated financial statements.

3.3. The accounting policies applied in the preparation of consolidated financial statements are consistent with those applied in the previous financial year except for the following amended IFRSs which were adopted by the Group as of 2022:

3.3.1. IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the following IFRS Standards:

- **IFRS 3 Business Combinations (Amendments)** updated a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibits a company from deducting from the cost of tangible assets any amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company

must recognise such sales proceeds and related cost in profit or loss.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specifies which costs a company may include in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is concluded for pecuniary interest.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

3.3.2. IFRS 16 Leases-Covid 19 Related Rent Concessions after 30 June 2021: (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized at the date the amendment is issued.

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

1. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries were amended if this was necessary to ensure consistency with the policies applied by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any realized and unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2. Currency other than the functional currency

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies other than the functional currency at the balance sheet date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in a currency other than the functional currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date when the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at exchange rates at the balance sheet date. Income and expenses of foreign operations are translated to EUR at annual average exchange rates.

Foreign currency differences are recognized through other comprehensive income, in the foreign currency translation reserve (translation difference). When a foreign operation is disposed of, in part or in full, the translation difference is transferred to profit or loss.

3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

a. cash;
b. an equity instrument of another entity;
c. a contractual right:
   i. to receive cash or another financial asset from another entity; or
   ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group; or
c. a contract/transaction that will or may be settled in the entity's own equity instruments and is:
   iii. a non-derivative transaction in which the Group will or may receive a variable number of the entity's own equity instruments; or
   iv. a derivative transaction that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group's financial assets typically consist of trade receivables other than cash, corporate bonds measured at amortised cost, government and other securities measured at fair value through other comprehensive income, and other current assets and derivatives, which are detailed further below.

We essentially hold our securities within two business models.

1. The Group measures non-current financial assets at amortised cost if it determines that both of the following conditions are met and it has not irrevocably designated those financial assets as at fair value through profit or loss at initial recognition:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. (SPPI test)
2. Debt instruments designated by the Group as at fair value through other comprehensive income include assets for which the contractual cash flows are solely payments of principal and interest, or which the Company holds within the given business model for the purpose of selling the asset, if possible, in addition to collecting the contractual cash flows.

SPPI test

Purchased securities and corporate bonds have fixed terms, fixed interest and fixed repayment schedules. They contain no other risks, volatility, or event-driven cash flows. Aside from the time value of money, interest only covers credit and liquidity risk, loan-related costs and the lender's profit.

A financial liability is any liability that is:

a. a contractual right:
   ii. to deliver cash or another financial asset to another entity; or
   iii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group; or
b. a contract/transaction that will or may be settled in the entity's own equity instruments and is:
   iii. a non-derivative transaction in which the Group will or may deliver a variable number of the entity's own equity instruments; or
   iv. a derivative transaction that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group's financial liabilities are typically leases, other loans and borrowings, issued bonds and other liabilities and derivatives, which are detailed in the following sections.
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

A derivative transaction is a financial instrument with all three of the following characteristics:

a. its value changes in response to the change in the underlying factors. An underlying factor may be a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
b. it requires no initial net investment, or the initial net investment is lower than would be required for other similar contracts (expected to have a similar response to changes in market factors); and
c. it is settled at a future date.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.
Derivative transactions are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative transactions qualifying as cash flow hedges are measured at fair value at year-end, and the effective portion of the fair value is recognised directly in other comprehensive income while the ineffective portion is recognised through other expense or other income.
In accordance with the Group's accounting policies, any effective gains or losses realised on cash flow hedges closed in the reporting period are recognised as a decrease or increase in sales revenues, while for transactions covering wage costs and fuel costs they are recognised under direct costs.

4. Property, vehicles and equipment

Recognition and measurement

Items of property, vehicles and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour costs, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs relating to the acquisition, construction or production of qualifying assets are stated in the cost of the asset.
When parts of an item of property, vehicles and equipment have different useful lives, they are accounted for as separate items (major components) of property, vehicles and equipment.
Gains and losses on the disposal of an item of property, vehicles and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognised on a net basis in profit or loss as other income.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and the cost of that part can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the depreciable amount of the asset. The depreciable amount of an asset is its cost less any residual value. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

- buildings 30-50 years
- plant and equipment 7 years
- vehicles 4-5 years
- other equipment and fittings 7 years

IFRS 16 Right-of-use assets

In the case of a regional logistic segment, the useful life and residual value of leased vehicles are set in accordance with the useful life set in the lease agreement and the buy-back value at the end of useful life provided by the vehicle manufacturer. In the case of the international transportation segment, the right of use of the assets is presented as asset value based on the cash outflows during the lease term, which is accounted for as straight-line depreciation during the contractual term in line with the rules of IFRS 16.

Right-of-use assets are amortised during the term of the relevant lease classified by the Group in accordance with IFRS 16.

The fair value of the amount payable by the Group under the residual value guarantee is also included under lease liabilities.

Variable lease payments not included in the lease liability measurement are recognised under direct costs in the period when the event or condition triggering the payment occurs, unless the costs are included in the carrying amount of another asset.

Initially, the lease liability is recognised by the Group at the present value of the lease payments not yet paid as of the commencement date, discounted at the implicit interest rate of the lease or, if this rate is difficult to determine, at the incremental rate. After the commencement date, the Company measures the lease liability at amortised cost using the effective interest method.

The initial value of the right-of-use asset includes the fixed payments after the commencement of the lease, less any lease incentives, variable payments (subject to indexation), residual value guarantees payable by the lessee, the exercise price of the purchase or renewal option (if reasonably certain that the lessee will exercise these options), the penalty for terminating the lease (if it is reasonably certain that the lessee will terminate the lease); the non-lease components are decoupled and accounted for as expense.

Other right-of-use assets are also recognised in accordance with IFRS 16. Lease liabilities under IFRS 16 were determined on the basis of the present values of future cash flows of the lease agreements. All right-of-use assets from rental rights with a term shorter than 12 months or with an individual underlying asset value lower than tEUR 5 are not recognised as assets but accounted under direct costs in the profit and loss statement by means of the rents.

The Group determined the lease term for all leases that contain an extension or termination option. The term of the lease is affected by whether exercising these options is reasonably certain from the Group's perspective, which has a significant impact on the lease liabilities.

5. Intangible assets

Goodwill

Cost of goodwill
For business combinations, the Group determines goodwill as the difference between the consideration paid and the fair value of net assets acquired.

Measurement of non-controlling interest:
The Group measures the components related to non-controlling interests in proportion to the fair value of the net assets of the subsidiary (consistent with the measurement principles for business combinations).

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets acquired by the Group which have definite useful lives (software, licences) are recognised at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenses

Subsequent expenses are capitalised only when they increase future economic benefits embodied in the specific asset to which they relate. All other expenses, including expenses on internally generated goodwill and brand names, are recognised in profit or loss when incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis, with the exception of goodwill, over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:

- software 10 years
- intangible property rights 6 years

6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of spare part inventories is determined at average price and the cost of inventories in tanks is determined based on the FIFO principle, and includes expenses incurred in acquiring the inventories, their production or transformation costs, and other expenses incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

7. Impairment loss

Financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments measured at amortized cost or FVOCI, and recognizes impairment for such losses on a monthly basis.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.
-

Stating the impairment recognised for expected credit losses measured at amortized cost or FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

The general approach reflects the pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL recognized as an impairment or provision depends on the extent of credit deterioration since initial recognition of the credit.

Under the general approach, there are two measurement bases:

- 12-month ECL (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit rating
- lifetime ECL (Stages 2 and 3), which applies when credit risk has significantly increased on an individual or collective basis

In the case of financial assets for which credit loss was recognised (Stage 3), interest income is calculated by applying the effective interest rate (EIR) to the amortized cost (net of impairment) rather than the gross carrying amount.

The simplified approach does not require the tracking of changes in credit risk but requires the recognition of lifetime ECL on an ongoing basis. For trade receivables or contract assets that do not contain a significant financing component where the Company decided not to adjust the consideration for the interest component for revenue recognition purposes because it does not contain a significant financing component, the Group has decided to apply the simplified approach. The impairment of other financial assets is recognized in line with the general approach.

When lifetime ECLs are recognized, impairment is recognized through an allowance account to write down the carrying amount of the receivables to the present value of expected cash flows discounted at the original effective interest rate of the receivables.

Under the simplified approach, the Group determines lifetime ELCs using an impairment matrix, which takes into consideration certain circumstances of the debtors and the number of days past due. The impairment rates applied in the matrix are determined considering the general requirements of IFRS 9 for the calculation expected credit losses.

If, in a subsequent period, the amount of impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the previously recognized impairment is reversed by adjusting the allowance account through profit or loss for the year. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing collection activity, and
- where the recovery method is foreclosure on collateral and the value of the collateral is insufficient for a full recovery of the receivables.

Bad debts are written off against the provision for related impairment after all the necessary procedures to recover the receivable have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment through profit or loss for the year.

Non-financial assets

The carrying amounts of non-financial assets within the scope of IAS 36 are reviewed by the Group at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at least at each balance sheet date.

The Group examines on an annual basis and if there are any indications that impairment needs to be recognised whether the recording of impairment may be justified for goodwill. Accordingly, the recoverable amount of the cash-generating unit to which the goodwill is related must be estimated. To determine the recoverable amount, the Group assesses the future cash flows of the cash-generating unit, and selects an appropriate discount rate to calculate the present value of the cash flows.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. All impairment losses are recognised in profit or loss under other expenses. On allocation of the impairment losses recognised in respect of cash-generating units, first the carrying amount of any goodwill allocated to the units is reduced, then the carrying amounts of other assets in the unit (group of units) are reduced on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

8. Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are considered to be non-current assets classified as held for sale. Immediately prior to the classification as held for sale, the assets (or components of the disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of the carrying amount and the fair value less cost to sell.

Impairment losses related to a disposal group are allocated initially to goodwill and then proportionally to the other assets, with the exception of inventories, financial assets, deferred tax assets, to which losses are not allocated, and which are still measured in accordance with the Group's accounting policies. Impairment losses related to the initial classification as held for sale and any subsequent gains or losses following re-measurement are recognised in profit or loss. Gains are recognised up to the amount of any cumulative impairment loss.

When reclassifying the assets, the Group compares the carrying amount less impairment of the assets held for sale with the value that would have prevailed if the assets had been depreciated when carried as held for sale, and recorded at the lower amount if this is not higher than the recoverable amount of the asset.

9. Employee benefits

Termination benefits

Termination benefits are recognised as expense when the Group is demonstrably committed to a detailed formal plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, without a realistic possibility of withdrawal. Termination benefits for voluntary redundancies are recognised as expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

10. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

11. Sales revenue

IFRS 15 - Revenue from Contracts with Customers
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably when control of the goods or services is transferred to the customer. The Group's revenues are generated in three segments: international transportation (ITS), regional contract logistics (RCL) and the 'other' segment.

The Group distinguishes the following types of revenue that are within the scope of IFRS 15 Revenue from Contracts with Customers:

- international forwarding and transportation
- warehouse logistics
- in-house logistics

The Group has generally concluded that:

- it continuously satisfies the performance obligation in the course of transportation and forwarding services
- it also continuously satisfies the performance obligation in the course of warehouse logistics
- it acts as the principal in the contracts concluded with customers because it typically controls the goods and services before transferring them to customers, and in the case of services the Group bears all the liability;
- there is no significant financing component because the period between the transfer of the promised good or service to the customer and payment by the customer for that good or service is expected to be one year or less at contract inception.

Other segment revenues include revenues from insurance contracts.

12. Finance income and expense

Finance income comprises the following items: interest income on investments Interest income is recognised in profit or loss on a time proportion basis, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, and interest on the issued bond. Foreign exchange gains and losses are recognised on a gross basis.

13. Income tax

Income tax expense comprises current and deferred income taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Local business tax and innovation contribution payable in Hungary are also presented as income tax.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts calculated for taxation purposes. Deferred tax may not be recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax may not be recognised for temporary taxable differences relating to the initial recognition of goodwill. Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and deferred tax liabilities should be offset if the entity has the legally enforceable right to offset current tax assets with current tax liabilities, and if they are related to income taxes levied by the same taxing authority on the same taxable entity, or on different entities that intend to realise their current tax assets and settle their current tax liabilities either on a net basis or simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

14. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying amount of insurance receivables is reviewed for impairment whenever circumstances indicate that the recovery of receivables is doubtful, with the impairment loss recorded through profit or loss. Insurance receivables are derecognised when derecognition criteria for financial assets have been met. Insurance receivables are recognised in the Group financial statements under receivables from supplies of goods and services.

15. Insurance policy liabilities

Non-life insurance policy liabilities include provision for outstanding claims, provision for unearned premiums and provision for unpaid premiums. The provision for outstanding claims comprises the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, plus related claims handling costs, minus expected recoveries. Certain claim types may be reported and settled with delays, therefore, the total amount of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical facts and current assumptions that may include a margin for major deviations. The liability is not discounted for the time value of money. No provision is recognised for disasters or offsetting reserves. Liabilities are derecognised when the obligation to pay damages expires, is discharged or cancelled.

16. Insurance revenues

Gross revenues from premiums

Gross recurring premiums on investment contracts with a discretionary participation feature (DPF) are recognised when payable by the policyholder. For single premium policies, revenue is recognised on the date on which the contract becomes effective. Gross general insurance written premiums comprise the total premiums receivable for the period covered by policies taken out during the accounting period. They are recognised on the starting date of risk-taking. Premiums include any adjustments for premiums receivable in the accounting period in respect of policies taken out in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums payable to intermediaries but not yet received are assessed based on estimates from underwriting or past experience and are included in premiums written. Unearned premiums are part of the premiums written for the year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

17. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits.

18. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incidental expenses directly attributable to the issue of ordinary shares are recognised as a reduction of equity, net of any tax effects.

Repurchased share capital (treasury shares)

Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is recognised through retained earnings.

19. Fair value hierarchy

For fair value measurement, the Group uses a fair value hierarchy, in which the inputs of measurement methods used to determine fair value are classified in three categories: the most significant category (Level 1) includes quoted (unadjusted) market prices in active markets for identical assets or liabilities, while the lowest category (Level 3) includes unobservable inputs.

Where the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the asset or liability is categorised in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 1 inputs

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available.

Level 2 inputs

Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example:
  - interest rates and yield curves observable at commonly quoted intervals;
  - implied volatilities; and
  - credit spreads
  - market-corroborated inputs

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs must reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Based on the above, the Group uses the following basis for fair value measurement of non-current debt and equity financial assets by keeping the below order of measurement procedures:

a. listed fixed and variable interest bonds and discounted treasury bills (except for government bonds and discount treasury bills in the primary dealer system) are measured consistently in the measurement period as the aggregate of the last closing quoted net rate, adding, when determining market value, any interest accumulated until the reporting date;
b. the market values of government securities in the primary dealer system with fixed and variable interest rate and a remaining term of more than 3 months and discounted government securities are measured as the aggregate of the arithmetical average of the best net buy and sell rates published by the Government Debt Management Agency (ÁKK) at the reporting date or the preceding working day plus any interest accumulated until the reporting date;
c. the market values of government securities with fixed and variable interest rate and a remaining term of less than 3 months and discounted government securities (including securities with government surety) are measured as the aggregate of the net rate calculated for the reporting date and any interest accumulated until the reporting date, based on the 3-month reference yield published by ÁKK at the reporting date or the preceding working day;
d. if no quoted price of listed debt securities over 30 days is available (except for government securities in the primary dealer system), the market value is determined based on the last recorded volume weighted average net OTT price published until the reporting date plus any interest accumulated until the reporting date, provided that such information is within 30 days. The same measurement method applies to unlisted debt securities;
e. if none of the above measurement methods is practicable, the market price should be determined by adding any interest accumulated since the last interest payment until the reporting date to the net acquisition price.

4. EARNINGS PER SHARE

The issued share capital of Waberer's International Nyrt. comprises 17,693,734 registered dematerialised ordinary shares of a face value of EUR 0.35 each.

The share capital of Waberer's International Nyrt. at 31 December 2022 amounted to EUR 6,192,807 and comprised 17,693,734 dematerialized ordinary shares each with a face value of EUR 0.35. Of which treasury shares: 214,699 (total face value EUR 75,144).
Number of treasury shares 31/12/2022: 214,699, face value: EUR 75,144
Number of treasury shares 31/12/2021: 214,699, face value: EUR 75,144
The weighted average of ordinary shares in 2022: 17,479,035
The weighted average of ordinary shares in 2021: 17,497,858
The weighted average for 2021 shows a higher value due to the shares held by the parent company during 2021, since the number of ordinary shares in circulation at the beginning of the year was higher than at the end of the year, and the number of treasury shares remained unchanged during 2022.
There was no diluting effect either in 2022 or in 2021, therefore diluted earnings per share are identical with earnings per share.

EARNINGS PER SHARE	2022	2021
After-tax profit tEUR	16,179	17,979
Weighted average of ordinary shares	17,479,035	17,497,858
Earnings per share EUR	0.98	1.03
Diluted earnings per share EUR	0.93	1.03

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

5. SEGMENT INFORMATION

IFRS 8 „Operating segments" requires listed entities to disclose appropriate information to the investors for the sake of transparency. The Group has created an 'international transportation', a 'regional contract logistics', and an 'other' segment based on its business lines. The operations of the Group are governed by Group management based on these three segments comprising the following activities:

International transportation: International Full Truck Load ("FTL") transportation and forwarding, and international collective transportation

Regional contract logistics: Domestic FTL and LTL (Less than Truck) transportation, warehousing, in-house logistics and vehicle repairs for third parties

Other: Insurance services

Details of the Group's business segments are presented below.
Sales revenues and key OCI items:

2022

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
Revenues from transportation with own fleet	346,340	74,568	0	-1,286	419,622
Revenues from subcontracting	60,533	34,317	0	-873	93,977
Other sales revenues	18,581	87,056	70,028	-13,357	162,308
Inter-segment elimination (-)	-9,377	-6,139	0	15,516	-
Net sales revenues	**416,077**	**189,902**	**70,028**	**0**	**675,907**
EBITDA	41,655	25,779	12,546	0	79,980
Depreciation	-31,748	-14,650	-295	0	-46,693
EBIT	9,907	11,129	12,251	0	33,287

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

2021

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
Revenues from transportation with own fleet	266,211	64,738	0	-987	329,959
Revenues from subcontracting	69,613	33,691	0	-528	102,776
Other sales revenues	10,765	82,171	75,932	-9,077	159,791
Inter-segment elimination (-)	6,122	4,470	0	10,592	-
Net sales revenues	**352,711**	**176,130**	**75,932**	**0**	**592,526**
EBITDA	32,669	28,392	13,125	0	74,186
Depreciation	-31,215	-15,387	-402	0	-47,004
EBIT	1,454	13,005	12,723	0	27,182
After-tax profit for 2022	-15	4,914	11,315	0	16,204
After-tax profit for 2021	-1,706	8,609	11,193	0	18,096

The other sales revenue in the case of regional contract logistics comprises warehouse logistics and in-house logistics revenue.

The following table shows other income by segment:

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
2022	10,799	1,731	1,202	21	13,753
2021	6,305	1,088	1,061	-41	8,413

The following table shows other expenses by segment:

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
2022	5,156	2,523	1,276	24	8,979
2021	3,957	2,108	401	-31	6,435

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

The following table shows the distribution of interest by segment:

2022

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
Interest income	2,078	19	-3	-15	2,079
Interest expense	-6,207	-1,771	-1	15	-7,964
Other financial profit or loss	-3,760	-2,470	703	0	-5,527
Financial profit/loss	**-7,889**	**-4,222**	**699**	**0**	**-11,412**

2021

DESCRIPTION	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTER-SEGMENT ELIMINATION	TOTAL
Interest income	3	-15	-1	20	7
Interest expense	-2,355	-1,592	0	-20	3,967
Other financial profit or loss	-318	34	139	0	-145
Financial profit/loss	-2,670	1,573	138	0	-4,105

Costs by segment are presented in the appropriate sections of the cost analysis.

Calculation of EBIT and EBITDA indicators per year:

	2022	2021
Pre-tax profit/loss	21,817	23,078
Depreciation and amortisation	-46,693	-47,004
Financial profit/loss	-11,412	-4,105
Reclassified bond expected credit loss	-58	0
EBITDA	79,980	74,187
Depreciation and amortisation	-46,693	-47,004
EBIT	33,287	27,183

Actual income taxes:

DESCRIPTION	2022			2021		
	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER
income tax expense	-1,985	-1,992	-1,636	-491	-2,823	1,668
– of which actual income taxes	-3,476	-2,225	-1,651	-1,866	-2,539	-1,530
– of which deferred tax	1,491	233	15	1,375	-284	-138

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

Non-current assets:

DESCRIPTION	31/12/2022			31/12/2021		
	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER
Land and buildings	9,039	39,700	25	8,979	44,674	367
Capital projects	1,425	1,809	16	265	181	0
Vehicles	87,524	39,343	228	57,940	32,793	0
Other equipment	1,344	1,165	182	1,268	1,397	430
Intangible assets	11,582	1,026	460	13,897	1,811	445
Goodwill	15,163	2,729	0	15,153	2,577	0
Deferred tax assets	6,074	0	791	4,344	1	734
Other non-current financial assets - other	2	6	0	6	3	4
Other non-current financial assets – Long-term debt instruments	29,777	0	51,189	0	0	93,720
Share of reinsurance company in insurance technical reserves	0	0	47,204	0	0	53,268

Events with no material cash movement:

DESCRIPTION	2022			2021		
	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER
Unrealised foreign exchange difference on FX assets and liabilities	-2,312	-2,450	788	261	410	148
Impairment	467	-183	0	188	111	121
Difference between provisions made and used	-191	-1,286	2,492	249	-709	190

6. INTANGIBLE ASSETS

OPENING BALANCE AS AT 01/01/2021	COMPUTER SOFTWARE	INTANGIBLE PROPERTY RIGHTS	GOODWILL	TOTAL
Cost	32,477	5,972	53,379	91,828
Accumulated amortisation and impairment	-18,265	-3,628	-35,649	-57,542
NET CARRYING AMOUNT	**14,212**	**2,344**	**17,730**	**34,285**
Changes in 2021				
Increases	2,915	40	0	2,955
Exchange rate changes of assets denominated in foreign currencies	-9	-16	0	-25
Amortisation	-2586	-685	0	-3,271
Decrease	-31	-30	0	-61
Impairment	0	0	0	0
CLOSING NET CARRYING AMOUNT	**14,503**	**1,651**	**17,730**	**33,883**

Closing balance as at 31/12/2021				
Cost	35,059	5,852		94,290
Accumulated amortisation and impairment	-20,556	-4,202		-60,407
NET CARRYING AMOUNT	**14,503**	**1,651**	**17,730**	**33,883**
Changes in 2022				
Increases	1,117	745	166	2,028
Exchange rate changes of assets denominated in foreign currencies	-113	-77	-3	-193
Amortisation	-2,476	-622	0	-3,098
Decrease	-1,491	-154	0	-1,645
Impairment	0	0	0	0
CLOSING NET CARRYING AMOUNT	**11,540**	**1,543**	**17,893**	**30,975**
Closing balance as at 31/12/2022				
Cost	34,016	6,135		93,693
Accumulated amortisation and impairment	-22,476	-4,592		-62,717
NET CARRYING AMOUNT	**11,540**	**1,543**	**17,893**	**30,976**

The items of highest value within intangible assets are the SAP S4/HANA enterprise resource planning system and the WIRE forwarding system.

6.1. Goodwill

Goodwill generated by means of business combinations is allocated at the time of the acquisition to the cash-generating units that are expected to benefit from the impacts of the business combination. A significant proportion of the carrying amount of goodwill is allocated to the international transportation and forwarding cash-generating unit, more specifically to the legal unit LINK Sp.z.o.o, and totalled tEUR 15,153 on 31 December 2022.

On 26 April 2013, WSZL Szállítmányozási és Logisztikai Kft. acquired 60% of the shares, and therefore controlling influence, in Szemerey Transport Zrt. as a result of a share exchange transaction. In line with the Group's accounting policies, the consolidated balance sheet shows goodwill of tEUR 2,577 relating to the domestic transportation activity. The goodwill relating to Szemerey Transport Zrt. is not attributable to assets and represented the fair value difference on acquisition.

In 2017, Waberer's International Nyrt. acquired LINK Sp. z o.o., a Polish international transportation and forwarding company and NewDefine Sp. z o.o (formerly: LINK Services Sp. z o.o.), a Polish temporary agency. The acquisition was funded from the share floatation by Waberer's International Nyrt. The Group identified goodwill in regard to Link Sp. z o.o., which was recognised in the amount of tEUR 34,877 in the balance sheet. In 2018, goodwill was impaired by tEUR 5,790 and by an additional amount of tEUR 13,934 in 2019. In view of the plans, the parent company did not see a cause to recognise further impairment of LINK goodwill in 2021 and in the reporting year, the carrying amount of which therefore remained tEUR 15,153 at 31 December 2022.

The goodwill of LINK Sp.Z o.o., which is a separate legal entity, was derived from the cash flows relating to the Company's future plans.

The impairment tests performed by the Group are based on the following assumptions in accordance with IAS 36:

1. The recoverable amount is calculated with the assumption of using the assets in the long term.
2. Discount rates: the recoverable amount calculations take into account the time value of money and the rate of return that would be expected in the market for an investment with similar risk, cash flow and timing profile. The Group currently uses a discount rate of 9.55%.

Impairment testing of the goodwill relating to the foreign subsidiary (LINK)

The value of goodwill for Link at the beginning of the reporting year was tEUR 15,153. In 2021 and 2022, LINK generated a profit. Accordingly, the parent company has recalculated the future return on goodwill based on strategic plans developed with the company. It determined the entity's net cash generating capacity for the next five financial years as well as for an ultimate value extrapolated based on the fifth year, which was discounted at a 9.55% rate as set out in Note 2 above. The recoverable amount is tEUR 35,959, therefore, no impairment is justified according to the discounted cash flow plans.

The 1% increase in the discount factor causes a EUR 3.5 million drop in the discounted cash flow plan figures, which still does not justify recognition of impairment. A 1% decrease causes a EUR 4.3 million increase.

The recoverable amount will increase by tEUR 2,679 if the applied terminal value rate increases by 1%, and will decrease by tEUR 2,171 if the applied terminal value rate decreases by 1%.

Impairment testing of goodwill relating to the domestic transportation activity

The carrying amount of goodwill is tEUR 2,577. This segment closed the year 2022 with a profit, and future forecasts also show profitable operations. Discounting the net cash generating capacity for this segment shows multiple returns based on the 5-year plans. Applying a discount factor of 9.55% and discounting back the cash flows generated in the five-year period, we can expect a recoverable amount of tEUR 57,202. According to the sensitivity analysis, a 1% increase in the discount factor results in an expected recoverable amount of tEUR 52,444, and a 1% decrease in the discount factor results in an expected recoverable amount of tEUR 63,699, using a 0% terminal value. Considering the above, the management did not see any reason for the recognition of impairment. Based on the plans, the carrying amount is expected to be recovered in less than one year.

Apart from the above goodwill, the Group recognises only one asset with an indefinite useful life in intangible assets: the goodwill of the business line acquired from Gyarmati Transz in 2022, which was recognised in the amount of HUF 65 million in the books of WSZL Kft. and is carried in the group financial statements at tEUR 162.

7. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	FROM PROPERTIES: IFRS 16 RIGHT-OF-USE ASSET	VEHICLES	FROM VEHICLES: IFRS 16 RIGHT-OF-USE ASSET	OTHER EQUIPMENT	TOTAL
Opening balance as at 01/01/2021						
Cost	100,275	65,998	252,224	230,101	12,869	365,368
Accumulated depreciation and impairment	-39,103	-20,871	-159,088	-143,252	-8,926	-207,117
NET CARRYING AMOUNT	**61,172**	**45,128**	**93,136**	**86,849**	**3943**	**158,252**
Changes in 2021						
Increase	1,794	1,061	49574	46193	1,585	52,953
Changes in assets resulting from exchange rate changes for assets carried in FX	-558	-444	-207	-190	-20	-785
Depreciation	-7,977	-6,747	-31,664	-29,372	-1,879	-41,520
Derecognition	-411	-330	-20,105	-18,168	-89	-20,605
CLOSING NET CARRYING AMOUNT	**54,020**	**38,668**	**90,734**	**85,312**	**3,540**	**148,294**
Closing balance as at 31/12/2021/ Opening balance 2022						
Cost	100,550	66,095	250,403	231,987	21,395	372,794
Accumulated depreciation and impairment	-46,530	-27,427	-159,669	-146,675	-18,301	-224,500
NET CARRYING AMOUNT	**54,020**	**38,668**	**90,734**	**85,312**	**3540**	**148,294**

Changes in 2022						
Increase	26,389	23,280	104,592	89,291	1,677	132,213
Changes in assets resulting from exchange rate changes for assets carried in FX	-2,677	-2,045	-3,366	-4,989	-122	-6,165
Depreciation	-7,762	-6,432	-41,086	-30,949	-1,590	-50,438
Impairment	0	0	-6,210		0	-6,210
Impairment reversed	0	0	13,642		0	13,642
Derecognition	-18744	-18,132	-30,663	-29,050	-145	-49,552
CLOSING NET CARRYING AMOUNT	**51,226**	**35,339**	**127,643**	**109,615**	**2,914**	**181,783**
Cost	79,131	43,622	269,089	237,140	21,461	369,681
Accumulated depreciation and impairment	-27,905	-8,283	-141,446	-127,529	-18,546	-187,897
NET CARRYING AMOUNT	**51,226**	**35,339**	**127,643**	**109,611**	**2,915**	**181,784**

7.1. Land and buildings

The following table shows the Groups' most significant properties as at 31 December 2022.

REAL ESTATE	COUNTRY	USAGE	NET AMOUNT
Right of use under IFRS 16 (WSZL Kft)	Hungary	Rented warehouse - permanent establishment	33,006
Right of use under IFRS 16 (LINK)	Poland	Rented property – permanent establishments	2,245
Right of use under IFRS 16 (WSZL Automotív)	Hungary	Rented property – permanent establishments	62
Right of use under IFRS 16 (Wáberer Hungária)	Hungary	Rented property - head office	26
TOTAL RIGHT OF USE UNDER IFRS 16			**35,339**
Budapest Nagykőrösi út 349-351.	Hungary	Head office	5,853
Miercurea Ciuc Hargita	Romania	Head office	1,019
Mosonmagyaróvár	Hungary	Permanent establishment – workshop	92
BILK (Pestszentlőrinc Logistics Centre)	Hungary	Logistics warehouse	2,015
BILK - Leasehold improvements	Hungary	Logistics warehouse/office building	4,082
Páty Geodis - Leasehold improvements	Hungary	Logistics warehouse/office building	105
Győr	Hungary	Logistics warehouse	134
Miskolc	Hungary	Logistics warehouse	243

7.2. Changes to property, plant and equipment

The gross amount of properties increased by tEUR 26,389 in 2022. This comprises a tEUR 10 change in the gross amount of the right-of-use asset of the IFRS 16 property of Link sp.zo.o, and a tEUR 23,270 change in the amount capitalised by WSZL Kft., which is also attributable to the change in the right of use under IFRS 16.
There was a more significant change in the line item of vehicles as the vehicle fleet was refurbished in 2022, with major acquisitions of trucks and trailers.

7.3. Mortgaged assets

At 31 December 2022, the Group had the following mortgaged assets:

CONTRACT NO.	CONTRACT TYPE	SUBJECT MATTER	OBLIGEE	SECURED BY	SECURED AMOUNT
D14N10672000IOJZM	Mortgage on movables	Lien on 292 Schmitz trailers with ban on disposal and encumbrance	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560carrying amount 31.12.2022 EUR 1,582,000
D14N10682000JZKOM	Lien and right of bail agreement	Lien on receivables from a re-purchase agreement with Schmitz Cargobull AG in relation to the 292 Schmitz trailers	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560carrying amount 31.12.2022 EUR 1,582,000

CONTRACT NO.	CONTRACT TYPE	SUBJECT MATTER	OBLIGEE	SECURITY PROVIDED BY	SECURED AMOUNT	CARRYING AMOUNT
EKD/ASSET-2022/16.	Amendment No. 1 to the incentive agreement	KÖZDÜLŐ-INVEST Kft. sole ownership of land and buildings, lot nos. 140016 and 140011/13	Ministry of Foreign Affairs and Trade	WSZL Automotív Kft.	HUF 7,238,556,000, i.e. seven billion two hundred and thirty eight million five hundred and fifty six thousand forints	HUF 809,961

7.4. Leased assets – right-of-use asset

Within Property, plant and equipment, vehicles include assets for which there is a transfer of ownership at the end of the term, or an option to purchase that is reasonably certain to be exercised. At 31 December 2021, the cost of leased assets totalled tEUR 231,987 with accumulated depreciation of tEUR 146,675 and a carrying amount of tEUR 85,312. At 31 December 2022, the gross value of leased assets totalled tEUR 237,140, with an accumulated depreciation of tEUR 127,629 and a carrying amount of tEUR 109,611.

The above values do not comprise right-of-use assets recognised on the basis of property rental agreements in accordance with IFRS 16, which are detailed in paragraph 33.

The Group does not have floating rate lease agreements.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

8. INVESTMENTS IN SUBSIDIARIES

COMPANY	COUNTRY	ACTIVITY	OWNERSHIP SHARE 2022	OWNERSHIP SHARE 2021
WSZL Kft.	Hungary	domestic transportation, forwarding, logistics	100.00%	100.00%
Rapid Teherautószerviz	Hungary	vehicle repairs	51.00%	51.00%
Waberer's Slovakia	Slovakia	logistics	100.00%	100.00%
Közdűlő Invest Kft.	Hungary	property letting	100.00%	100.00%
KDI Property Kft	Hungary	sale and purchase of own properties	100.00%	100.00%
WSZL Automtív Kft.	Hungary	international transportation	100.00%	100.00%
Delta Rent Kft.	Hungary	vehicle trade	100.00%	100.00%
All in One Transport Kft.	Hungary	international transportation	100.00%	100.00%
Nexways Cargo Kft.	Hungary	international transportation	100.00%	100.00%
LINK Sp. z o.o.	Poland	international transportation	100.00%	100.00%
NewDefine Sp. z o o.	Poland	temporary agency work	100.00%	100.00%
Waberer's Románia SA	Romania	international transportation and forwarding	100.00%	100.00%
Waberer's Network Kft.	Hungary	international collective transportation	99.00%	99.00%
Wáberer Hungária Biztosító Zrt.	Hungary	insurance	100.00%	100.00%
WPL Fulfillment Zrt	Hungary	warehousing and storage	100.00%	0.00%

In 2022, Group management changed the business model of the international transportation segment and the Group structure was streamlined as a result: transportation is now performed by a single entity, Nexways Cargo Kft., for Waberer's International Nyrt. instead of the former transport franchise companies which were all discontinued via absorption as of 1 September 2020. As part of the restructuring process, the assets and liabilities of the above entities were contributed to All in One Transport Kft., the legal successor.
Non-controlling interests: Two private individuals hold minority interests of 49% in Rapid Teherautószervíz Kft. and 1% in Waberer's Network Kft., two of the Group's subsidiaries.
The Group established WPL Fulfillment Zártkörű Részvénytársaság in August 2022 with a 100% ownership share as at 31 December 2022. Apart from payment of the share capital, no extraordinary events occurred in the newly established company in 2022.

9. OTHER NON-CURRENT FINANCIAL ASSETS

	31/12/2022	31/12/2021
Other	8	13
Total	0	0

For amounts still receivable from franchise executives bought out in previous years, which have all been litigated, impairment was recognised.
The above amount also includes a loan for a smaller amount granted to an employee.

Information on the market value of other non-current assets in provided in Note 34.

10. OTHER NON-CURRENT FINANCIAL ASSETS – LONG-TERM AND SHORT-TERM DEBT INSTRUMENTS

LONG-TERM	31/12/2022	31/12/2021
FVOCI investments measured at FV through OCI	51,189	70,325
Investments measured at amortised cost	21,036	0

SHORT-TERM	31/12/2022	31/12/2021
FVOCI investments measured at FV through OCI	30,750	23,395
Investments measured at amortised cost	9,151	0

The securities of Wáberer Hungária Biztosító Zrt. held for investment purposes, which are considered credit risk free, typically include government bonds and discount treasury bills. The carrying amount of the Company's non-current financial assets was tEUR 51,189 for long-term investments and tEUR 37,050 for short-term investments. Within investments, term deposits cover the insurance company's insurance technical liabilities (both currency and term). Non-current financial assets were remeasured at fair value against other comprehensive income.

The company have had and is expected to continue selling activities in the future. The financial assets in our portfolio were recognised in Wáberer Hungária Biztosító Zrt.'s (Insurance company) books for purposes of collecting the assets' contractual cash flows and selling the assets on an ad-hoc basis.
Further to our deposit and portfolio management agreement, the deposit managers of the Insurance company have discretion over portfolio management - in line with the agreed principles and limitations - depending on achievable market yields, but do not perform short-term trading.

In 2022, Waberer's International Nyrt. invested its disposable cash in corporate bonds with low credit risk, denominated in EUR. Following its business model, the Company decided to hold the bonds until maturity and measures its securities at amortised cost. The carrying amount of the Company's non-current financial assets was tEUR 30,187 at the end of the reporting year, comprising long-term investments of tEUR 21,036 and short-term investments of tEUR 9,151, all corporate bonds denominated in EUR.

The following two tables show the Group's financial assets in a breakdown by type, currency, and country of issuer, with unrounded amounts presented in EUR:

Long-term, in EUR

The following table provides details of the long-term portion of the Group's FVOCI investments measured at fair value through other comprehensive income. The total portfolio amounts to tEUR 74,498, of which an amount of tEUR 51,189 is shown in the balance sheet following reclassification of available cash.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

TYPE	CURRENCY	COUNTRY CODE	COST	MARKET VALUE	FAIR VALUE DIFFERENCE
Government bonds	HUF	HU	42,684,567	37,121,838	-5,562,728
	GBP	GB	10,143,500	9,420,194	-723,307
	EUR	AT	1,050,767	962,577	-88,190
		DE	3,143,771	3,015,493	-128,278
		ES	1,047,363	1,037,887	-9,476
		HU	9,868,242	8,710,265	-1,157,976
		IL	1,025,746	1,022,216	-3,530
		IT	5,403,351	5,214,079	-189,272
		NL	1,261,825	1,247,813	-14,013
		RO	1,404,173	1,375,996	-28,176
		SI	1,159,027	1,104,688	-54,339
Corporate bonds	HUF	US	2,026,918	1,453,382	-573,537
	GBP	GB	0	0	0
	EUR	AT	201,964	179,856	-22,108
		HU	2,084,950	1,812,733	-272,217
		NL	311,830	254,344	-57,486
		CZ	403,294	412,421	9,127
Mortgage bonds	HUF	HU	229,886	151,846	-78,039
TOTAL			**83,451,175**	**74,497,627**	**-8,953,548**

The Group’s long-term investments measured at amortised cost in EUR:

TYPE	CURRENCY	COST
Corporate bonds	EUR	21,035,041
TOTAL		21,035,041

Short-term, in EUR
The following table provides details of the short-term portion of the Group’s FVOCI investments measured at fair value through other comprehensive income:

TYPE	CURRENCY	COUNTRY CODE	COST	MARKET VALUE	FAIR VALUE DIFFERENCE
Government bonds	HUF	HU	3,271,975	3,259,646	-12,329
	GBP	GB	6,653,750	6,772,490	118,741
	EUR	HU	3,715,727	3,728,481	12,754
		IT	1,000,155	999,730	-425
Discount treasury bills	HUF	HU	5,110,522	5,096,577	-13,945
Corporate bonds	HUF	HU	4,330,977	4,300,764	-30,213
	GBP	GB	522,448	549,938	27,490
	EUR	HU	2,535,964	2,526,912	-9,052
Other securities	HUF	HU	9,815,563	9,815,563	0
TOTAL			**36,957,081**	**37,050,101**	**93,020**

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

The Group's short-term investments measured at amortised cost in EUR:

TYPE	CURRENCY	COST
Corporate bonds	EUR	9,151,466
TOTAL		9,151,466

In accordance with IFRS 9, the expected credit loss for non-current financial assets is determined by the legal entities for each security.

	31/12/2022	31/12/2021
Expected credit loss recognised for FVOCI investments measured at fair value through other comprehensive income	26	0
Expected credit loss recognised for investments measured at amortised cost	57	0
TOTAL	83	0

Expected credit losses (ECL) are the probability-weighted estimates of the credit losses expected to occur during the estimated useful lives of financial assets (i.e. the present value of the total expected cash flow shortage). ECL estimates always have to reflect the possibility of occurrence and non-occurrence even if the non-occurrence of credit loss has the highest probability. ECL estimates must reflect an unbiased, probability-weighted amount, which is determined based on the evaluation of various possible outcomes.

The Company measures the loss recognised on a financial asset in an amount equal to the 12-month ECL (Stage 1, or bracket 1) if:

- the credit risk of the financial asset has not increased significantly from initial recognition until the balance sheet date, and
- the credit risk of the financial asset is low at the balance sheet date.

Criteria for a significant increase of credit risk
For financial assets that are subject to external rating and do not bear a low credit risk at the balance sheet date, the Company considers downgrading by at least two notches to represent a significant increase of credit risk.
Securities are classified as Stage 1 at the balance sheet date.

11. INVENTORIES

INVENTORIES	31/12/2022	31/12/2021
Fuel	3,065	2,842
Spare parts, tyres, lubricants, other materials	801	774
Other materials	304	15
TOTAL:	**4,170**	**3,631**

Fuel inventories as at the balance sheet date comprise fuel in trucks and at the filling station. The values of these inventories were determined as follows:

- by reading a calibrated meter for fuel inventory at filling stations
- for fuel in trucks, using an estimate based on the data in the transport registry.

As in the previous year, the Group's management inspected the inventories of the repair shop as at 31 December 2022 on the basis of the technology description of the vehicles purchased in the previous two years and consequently recognised a 100% impairment on parts that can no longer be installed into the vehicles used by the Group.

	IMPAIRMENT
01/01/2021	**81**
Reversal	70
31/12/2021	**151**
Recognised	1
31/12/2022	**152**

12. RECEIVABLES

	31/12/2022	31/12/2021
Trade receivables	109,544	91,528
Impairment of receivables	-1,051	- 1,246
TOTAL	**108,496**	**90,282**

The balance of receivables at 31 December 2022 shows an increase as a result of increased sales volumes and prices. The consolidated debtor turnover ratio changed from an average of 52.01 days in 2021 to 52.63 days.

	IMPAIRMENT
01/01/2021	**1,810**
Recognised	517
Reversal	-1,065
Exchange difference	-16
31/12/2021	**1,246**
Recognised	527
Reversal	-707
Exchange difference	-15
31/12/2022	**1,051**

As a result of the Group's rigorous credit rating and efficient collection processes, the impairment on doubtful debts decreased compared to the previous year.
The increase in impairment comprises impairment recognised on receivables, whereas the decrease in impairment reflects reversals due to derecognition or recovery.

In accordance with IFRS 9, the expected credit loss calculated for trade receivables is determined for each legal entity in line with uniform valuation principles.

The Group took into account the following factors in the calculation of expected credit loss:

- industry risk, probability of non-performance
- risk of the country in which the customer operates
- availability of credit insurance for trade receivables, taking limits into consideration
- risks established on the basis of ageing for unsecured customers

Over and above the impairment on expired receivables, based on the stage 2 measurement another expected credit loss of tEUR 62 was recognised in the books of the Polish subsidiary Link Sp.z.o.o, and another credit loss of tEUR 126 was stated for the domestic and international transportation and logistics segment.

13. OTHER CURRENT ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

OTHER CURRENT ASSETS	31/12/2022	31/12/2021
Non-financial assets		
Foreign VAT and excise tax	9,687	10,269
Tax assets	1,367	3,640
Receivables from employees	83	-669
Prepaid expenses	6,747	4,274
Financial assets		
Loans provided	136	136
Accrued income	1,737	2,423
Deposit	4,688	4,471
Other	1,404	595
Insurance technical receivables	0	904
TOTAL	**25,849**	**26,043**

Foreign VAT and excise tax assets comprise VAT receivables from foreign tax authorities and excise tax receivables for fuel.

Foreign VAT receivables totalled tEUR 4,311 on 31 December 2022, as opposed to tEUR 3,723 in the previous year. Foreign VAT receivables increased slightly in 2022 and 2021. Management assessed the future recoverability of foreign VAT receivables on an item-by-item basis according to whether it has any negative information regarding recovery.

Excise tax receivables (from domestic and foreign tax authorities) totalled tEUR 5,376 on 31 December 2022, as opposed to tEUR 6,545 in the previous year. Management assessed the recoverability of excise tax receivables at the end of the reporting year and recognised no impairment on outstanding receivables claimed earlier by a financial intermediary but unconfirmed by a foreign tax authority.

Tax assets exclude income taxes, and comprise receivables from social tax and vocational training contribution.

Accruals and prepayments do not include contract assets and are calculated from the accruals and prepayments of income and expenses.
Other impairment was recognised for other current assets, more specifically on debts of former employees, receivables from insurance companies, receivables relating to guarantees and loans granted.

	IMPAIRMENT
01/01/2021	**1,910**
Increase	170
Reversal	-627
Exchange difference	127
31/12/2021	**1,580**
Increase	25
Reversal	-509
Exchange difference	124
31/12/2022	**1,220**

Insurance technical receivables comprise Wáberer Hungária Biztosító Zrt.'s receivables from the reinsurance company, the Hungarian Insurance Association (MABISZ), and other receivables from parties other than clients.

Derivative financial instruments

Carrying amount of hedging instruments:

		2022	2021
Cash flow hedge - foreign currency derivative transactions	Assets	2,585	679
Cash flow hedge - foreign currency derivative transactions	Liabilities	-1,026	-1,532

The Group applies hedge accounting currently to cash flow hedges, which represent currently the only vehicle aimed at protecting the Group from exchange rate risks. Cash flow hedges are aimed at hedging exposures to the volatility of cash flows which are attributable to an asset or a liability shown in the statement of financial position or a certain risk relating to a highly probable forecast transaction, and might affect profit or loss. The effective portion of profit or loss on the hedge is recognised directly in other comprehensive income. Amounts recognised in other comprehensive income must be transferred to the income statement when the hedged transaction affects profit or loss.

In other comprehensive income:

	31/12/2022	31/12/2021
Profit (+) / loss (-) for the year	-1,788	-635
Effective portion of cash flow hedge reclassified to profit or loss	4,200	
Income tax effect	-220	78
Cash flow hedges, including deferred tax effect	2,192	-557

The value of derivative transactions as at the reporting date is determined using a measurement technique based solely on market inputs (level 1 fair value). Of the item-by-item revaluation difference on transactions open at year-end, positive revaluation differences were recognised in derivative financial instruments on the assets side, while negative revaluation differences were recognised in derivative financial instruments on the liabilities side.

At the inception of the hedge, the Group formally designates and documents the hedging relationship to which it will apply hedge accounting, along with the risk management objectives and strategy for undertaking the hedge, for example revenues generated in EUR in the case of WSZL Kft. having HUF as its reporting currency, and expenses, such as wages and fuel, incurred in HUF by the parent company having EUR as its reporting currency. The documentation includes identification of the hedge, the related hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of the hedge in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. These hedges are expected to be effective in offsetting changes in cash flows attributable to the hedged risk.

Hedges that fulfil the strict requirements of hedge accounting are accounted as follows:

Cash flow hedges are aimed at hedging exposures to the volatility of cash flows which are attributable to an asset or a liability shown in the statement of financial position or a certain risk relating to a highly probable forecast transaction, and might affect profit or loss. The effective portion of profit or loss on the hedge is recognised directly in other comprehensive income while the ineffective portion is recognised in other income or other expenses. Amounts recognised in other comprehensive income must be transferred to the income statement when the hedged transaction affects profit or loss.

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income must be transferred to profit or loss. If the hedge expires, is sold, terminated or exercised without replacement or rollover, or the designation as hedge is withdrawn, amounts previously recognised in other comprehensive income will remain in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, these amounts must be transferred to profit or loss.

As at 31 December 2022, the Group had the following open derivative transactions (EUR sales):

PARTNER BANK	CONTRACT TYPE	TRANSACTION TEUR	NOMINAL AMOUNT THUF
K&H	Forward Buy: HUF / Sell: EUR	28,000	12,021,035
ING Bank N.V	Forward Buy: HUF / Sell: EUR	21,500	9,056,150
Raiffeisen	Forward Buy: HUF / Sell: EUR	12,000	5,427,130
MKB	Forward Buy: HUF / Sell: EUR	4,500	1,881,655
CITI	Forward Buy: HUF / Sell: EUR	18,000	7,937,000

PARTNER BANK	CONTRACT TYPE	TRANSACTION TEUR	NOMINAL AMOUNT TPLN
PKO bank Polski	Option Buy: EUR / Sell: PLN	3,800	19,505
PKO bank Polski	Option Buy: PLN / Sell: EUR	3,800	17,770
PKO bank Polski	Forward Buy: PLN / Sell: EUR	2,400	11,571

As at 31 December 2021, the Group had the following open derivative transactions:

PARTNER BANK	CONTRACT TYPE	TRANSACTION TEUR	NOMINAL AMOUNT THUF
ING Bank N.V	Forward	32,000	11,617,200
Raiffeisen	Forward	27,850	10,210,222
MKB	Forward	18,800	6,896,404

The above open transactions have a maturity within one year, i.e. in 2023, timed specifically according to monthly payments to personnel, suppliers' payment deadlines, and aimed to cover revenues.

Derivative transactions partly protect the Group's HUF expenses from negative foreign exchange fluctuations, in a targeted manner for income and cash outflows to HUF suppliers, and partly the conversion of the Polish LINK subsidiary's EUR revenues to PLN.

The average forward rate was 432.42 HUF/EUR for the transactions in 2023, and 369.12 HUF/EUR for the transactions in 2022.

Within reserves in equity, the opening balance of tEUR 777 totalled tEUR 1,415 as at 31 December 2022 because of the fair valuation of cash flow hedges.

Fair value effect of derivative transactions open at year-end on OCI:

	INTERNATIONAL TRANSPORTATION	REGIONAL CONTRACT LOGISTICS	OTHER	INTERSEGMENT	TOTAL
2022	1,559	0	0	0	1,559
2021	-557	0	0	0	-557

	2022	2021
Effective portion recognised as a decrease of revenues	1,634	117
Effective portion recognised as an increase of direct expenses	2,566	
Ineffective portion	157	

14. ASSETS HELD FOR SALE

	31/12/2022	31/12/2021
Amount	1,214	71
Quantity	56	8

Non-current assets held for sale include vehicles with expired lease contracts, which the Group intends to sell. In some cases, the Group acquires the vehicles from the lessor at the residual value specified in the lease contract, and it realises the difference between the sales price and the carrying amount as profit or loss. This resulted in a loss of tEUR 690 in 2021 and a loss of tEUR 241 in 2022. Movements in non-current assets held for sale are shown in the following table:

01/01/2021	**213**
Reclassification from right-of-use asset	8
Sales	-150
31/12/2021	**71**
Reclassification from right-of-use asset	7,636
Sales	-6,493
31/12/2022	**1,214**

15. CASH AT BANK AND IN HAND

Cash includes the Group's petty cash and bank balances as well as Wáberer Hungária Biztosító Zrt.'s demand or short-term deposits (remaining maturity of fewer than 3 months) that exceed the coverage for reserves.

	31/12/2022	31/12/2021
Bank account	66,459	28,257
Short-term deposit above reserve	23,613	30,284
Cash	52	42
TOTAL	**90,124**	**58,583**

16. EQUITY

The share capital of WABERER'S INTERNATIONAL Nyrt. at 31 December 2022 comprised 17,693,734 dematerialized ordinary shares each with a face value of EUR 0,35. The Group held 214,699 treasury shares at the end of the reporting year.

Reserves include the profits and losses of previous years, the profit or loss for the reporting year, and profits and losses on transactions with equity holders, as presented in the statement of changes in equity. The line item for reserves does not represent the dividends distributable by WABERER'S INTERNATIONAL Nyrt. because the dividend is determined based on the figures presented in the standalone financial statements. In the consolidated financial statements, dividends approved for holders of non-controlling interests on the basis of the standalone financial statements are disclosed in the statement of changes in equity in the financial year in which the dividend payment was approved.

During the financial year, the parent company's Board of Directors decided to supplement the negative retained earnings from the capital reserve, and a transfer of tEUR 44,726 was made to the retained earnings in 2022, which is shown in the consolidated statement of changes in equity.

Excerpt from the main rights and obligations of shareholders based on the Articles of Association (AA)

Shareholders are entitled to exercise their shareholder rights if they are recorded in the register of shares. The conditions for exercising voting rights at the General Meeting are set out in Section 5.6 the Articles of Association. The register of shares is maintained by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereafter: KELER) and is updated on a monthly basis and before each general meeting.

1. Right to receive (interim) dividends

Shareholders are entitled to receive a share from the Company's distributable profit that has been ordered for distribution by the General Meeting in proportion to the nominal value of their shares. The detailed rules of entitlement to dividends and payment deadlines are set out in Section 4.4 of the AA.

2. Right to information and right to attend the general meeting

The Board of Directors is required to provide information to the shareholders in respect of the Company, and grant access to the Company's documents and records. The Board of Directors is required to provide the shareholders all the information necessary for discussing the items on the general meeting's agenda and to disclose the key figures of the financial statements as well as the reports of the Board of Directors and the Supervisory Board as set out in Section 4.5 of the AA.

Each shareholder is entitled to attend the general meeting, request information, make comments and proposals, and, subject to holding shares with voting right, vote at the general meeting. A letter of proxy must be either a notarial deed or a private deed with full probative force. Shareholders may also appoint a nominee to exercise shareholder rights on their behalf. Once recorded in the register of shares, such nominees may act in their own name for the benefit of the shareholder. Shareholders or nominees may attend the General Meeting only if they are recorded in the register of shares on the second business day preceding the date of the General Meeting based on the shareholder identification in accordance with KELER's applicable General Business Conditions. Each share having a nominal value of EUR 0.35 carries one vote. Each shareholder may cast one vote only at any one a time.

The General Meeting shall have a quorum if it was convened in accordance with the relevant rules and regulations, and if shareholders representing more than 40% of the shares with voting rights are present. If the General Meeting fails to have a quorum within one (1) hour from the start time, the Chairman of the General Meeting must announce the date of a reconvened General Meeting as set out in the invitation to the General Meeting. Such reconvened General Meeting may be set at a date not less than at least five (5) days and not more than twenty-one (21) days after the date of the original General Meeting.

The General Meeting adopts its resolutions by a simple majority of the votes considered upon the establishment of a quorum, except for the matters specified in the relevant legislation and in Section 5.9.1(a)-(d) of the Articles of Association, in respect of which the General Meeting adopts its resolutions by a three-quarter majority of the votes.

3. Minority rights

Shareholders who have at least 1% of the voting rights collectively may, at any time, request that the General Meeting be convened by providing their reasons and purpose, may propose new points to be added to the communicated agenda or draft resolutions in accordance with Section 4.8 of the AA. Further details of minority rights are set out in Section 4.8 of the AA.

17. Lease liabilities

The Group purchases the vehicles it needs for its core activities under leases. The Group amended the maturity of its lease contracts for trucks from 4 years to 5 years from 2017, while it maintained the maturity of 5 years for trailers. The Group purchases the vehicles directly from manufacturers, with a repurchase guarantee provided not only for the end of the term but also during the term.

Lease liabilities include property leases in accordance with the Hungarian legislation of the Group's subsidiaries, as referred to in property, plant and equipment, which comply with the IFRS 16 requirements as presented under the valuation principles.

The figures presented in lease liabilities represent the discounted amounts of future cash flows under the lease contracts.

The following table shows the breakdown of future lease payments (capital and interest) by maturity:

31/12/2022	WITHIN 6 MONTHS	WITHIN 6 TO 12 MONTHS	WITHIN 1 TO 2 YEARS	WITHIN 2 TO 5 YEARS	OVER 5 YEARS	TOTAL
Lease liabilities, principal	16,650	19,404	30,980	67,997	17,884	152,915
Lease liabilities, interest	3,498	2,958	4,715	7,199	555	18,925
TOTAL	**20,148**	**22,362**	**35,695**	**75,196**	**18,439**	**171,840**
31/12/2021	**WITHIN 6 MONTHS**	**WITHIN 6 TO 12 MONTHS**	**WITHIN 1 TO 2 YEARS**	**WITHIN 2 TO 5 YEARS**	**OVER 5 YEARS**	**TOTAL**
Lease liabilities, principal	27,609	16,550	22,051	45,017	20,221	131,448
Lease liabilities, interest	1,061	1,261	1,864	2,815	630	8,170
TOTAL	**29,210**	**17,811**	**23,915**	**47,831**	**20,851**	**139,618**

The table shows the maturity and interest payments of lease liabilities at the end of 2022 and 2021 but does not reflect the constant replacement of maturing lease agreements with new ones resulting from the continuous replacement of the assets.

18. PROVISIONS

	LITIGATIONS	INSURANCE CLAIMS	TOTAL
OPENING BALANCE AS AT 1 JANUARY 2021	**1,210**	**19,848**	**21,058**
Provisions made and review of previous estimates	1,094	-189	905
Exchange difference	-26		-26
Released	-363		-363
Used	-246		-246
CLOSING BALANCE AS AT 31 DECEMBER 2021	**1,669**	**19,659**	**21,328**
Provisions made and review of previous estimates	1,862	2,492	4,354
Exchange difference	-103		-103
Released	-135		-115
Used	-147		-147
CLOSING BALANCE AS AT 31/12/2022	**3,147**	**22,151**	**25,298**

	LITIGATIONS	INSURANCE CLAIMS	TOTAL
Short-term portion 2022	0	0	**0**
Long-term portion 2022	3,147	22,151	**25,298**
Short-term portion 2021	0	0	**0**
Long-term portion 2021	1,669	19,659	**21,328**

As at 31 December 2022, the Group recognised a provision of tEUR 3,147 for contingent liabilities from ongoing litigations. In nearly 50% of these cases, the insurance company paid compensation to the customers based on a CMR policy. The reserve for damages caused by the Group and not covered by the insurance company was used for paying damages to customers. The Group reviewed the progress of its legal cases on a quarterly basis in the reporting year and made a total provision of tEUR 1,862 for cases brought forward from previous years and new cases arising in the reporting year.

The Group makes an insurance technical provision for damages payable by group companies, which is presented in non-current provisions in the Group's consolidated financial statements in the amount of tEUR 22,151. Certain insurance services, including property and CMR insurance, are provided to the Group by Wáberer Hungária Biztosító Zrt.

19. INSURANCE TECHNICAL RESERVES

At the end of the reporting year, insurance technical reserves totalled tEUR 107,542 and included insurance reserves made for Wáberer Hungária Biztosító Zrt.'s third-party insurance contracts in accordance with the Insurance Act. The three types of reserves are as follows:

o reserves for unearned premiums
Insurance premium prescribed in the financial year 2022 for the next financial year
o outstanding claims reserve
This reserve is made based on two types of loss events. On the one hand, it includes reserves made to cover claims not yet settled but reported in, or before the financial year 2022. For each loss event, a loss reserve includes the balance of the damage claim and the claim settlement costs, reduced by the receivables from expected claim recovery.
On the other hand, in accordance with the Insurance Act, a reserve is made for damages suffered but not yet reported in each industry based on insurance triangles or earned premiums (where the insurance company does not have data from the past three years).
o other reserves
The Company made cancellation reserves for receivables from bond holders based on two legal grounds at the percentage laid down in the accounting policy: based on the age of outstanding receivables, and based on historical data on lapse of interest.

In order to reduce the risks of its insurance contracts, the insurance company concluded reinsurance contracts. The proportionate amounts of the above insurance technical reserves, determined on the basis of the reinsurance contracts, are presented in non-current financial assets.

The insurance technical reserves and the portion attributable to reinsurers are shown in the table below.

DESCRIPTION	INSURANCE TECHNICAL RESERVES LIABILITIES IN THE BS	PORTION ATTRIBUTABLE TO REINSURERS RECEIVABLES IN THE BS
Outstanding claim reserve	-78,017	36,650
Unearned premiums	-13,034	3,826
IBNR – reserve for incurred but not reported claims	-15,333	6,058
Cancellation	-587	0
Annuity	-1,386	463
Accrued acquisition cost	1,619	0
Other	-804	207
TOTAL	**-107,542**	**47,204**

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

20. SHORT-TERM LOANS AND BORROWINGS

	31/12/2022	31/12/2021
Borrowings from third parties	1,441	1,113
Asset loans	475	953
Overdrafts	0	22,690
Total	1,916	24,756

Loans from third parties include a loan of EUR 5 million received by the Group from one of the major suppliers of two of its subsidiaries, originally on 30 June 2009 for a term of 4 years, but the loan was regularly prolonged in light of the successful co-operation between the parties. After the acquisition of LINK Sp.z.o.o., the Polish subsidiary also became a party to the loan agreement. The agreement expired on 31 December 2019 and the parties amended the terms of the prolonged agreement in a way that the supplier agreement will be upheld but the liabilities previously recognised as a loan will be repaid proportionately on a quarterly basis during the term of the new agreement until 31 December 2024.

21. OTHER CURRENT LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

	31/12/2022	31/12/2021
Non-financial liabilities		
Taxes	501	3,949
Technical liabilities	361	1,038
Payments to personnel	12,955	9,447
Employee obligations from bonus payments	4,525	3,908
Employee obligations due to unused leave	2,931	1,726
Financial liabilities		
Accruals and prepayments	38	62
Factoring and other liabilities	5,074	5,163
TOTAL	**26,385**	**25,293**

Payments to personnel include yet unpaid wages payable to employees and related taxes recognised as payroll expenses in the consolidated financial statements. The decrease in payments to personnel was due to a combined effect of the reduced headcount as a result of a reduced fleet and a significant increase in headcount due to a new contract won by the regional logistics segment referred to above.

The line item “Taxes” comprises other tax liabilities. These liabilities relate to VAT and rehabilitation contribution as at 31 December 2022.

Factoring and other liabilities include customer factoring liabilities of LINK totalling approximately EUR 4.7 million for the Group. Receivables are factored with recourse. Accordingly, trade receivables are recognised until collection on a gross basis against factoring liabilities.

Insurance technical liabilities include prepayments by policyholders, other amounts paid in advance, other outstanding claims, and amounts payable to insurance brokers.

Accrued expenses contain accrued costs and interest.

Derivative financial instruments
Liabilities from derivative transactions include negative differences on derivative transactions open at year-end as presented in Note 15.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

	31/12/2022	31/12/2021
Derivative financial instruments	1,026	1,532

22. REVENUES AND INTERMEDIATED SERVICES

DESCRIPTION	TOTAL
Revenues from transportation with own fleet	419,622
Revenues from subcontracting	93,977
Warehouse logistics	87,056
Other sales revenues	74,582
Net revenues for 2022	675,907

DESCRIPTION	TOTAL
Revenues from transportation with own fleet	329,959
Revenues from subcontracting	102,776
Warehouse logistics	82,171
Other sales revenues	77,620
Net revenues for 2021	592,526

Due to the nature of the services, revenues are almost fully settled periodically.**Distribution of revenues by geographical region:**

	2022	2021
Hungary	296,098	270,704
Germany	102,098	91,304
England	71,978	54,034
France	41,760	49,705
Poland	33,198	26,743
Spain	20,703	12,202
Switzerland	20,697	12,958
The Netherlands	19,569	17,101
Slovakia	14,629	8,962
Italy	13,822	14,207
Austria	13,640	8,556
Sweden	8,375	7,322
Belgium	6,142	6,713
Denmark	3,595	2,848
Czech Republic	2,409	1,684
Luxembourg	2,320	4,148
Romania	1,598	1,220
Croatia	1,072	309
Other European countries	2,201	1,767
Other non-European countries		38
TOTAL	**675,907**	**592,526**

IFRS 15 Revenues

International transportation segment (ITS)

After a setback in the previous years, the international transportation segment's transportation with own fleet increased slightly in 2021 and showed a further increase in 2022. The Group's change of operational model as of 1 July 2020 played a significant role in this increase.

The international transportation segment's revenues shown in the above table are recognised over time to reflect the characteristics of transportation.

Before 2020, the international transportation segment followed a „taxi" model that continuously and centrally optimised the allocation of trucks to assignments. During the pandemic, this model brought significant uncertainties with regard to revenues and the utilisation of trucks, and relied to a great extent on the lower margin spot transport market. As a result of these uncertainties and the lower profitability, a new, so called 'trading band' model was introduced in 2021, which focuses on recurring orders and the main trading routes within Europe. In line with the model change, the International Transportation Segment shifted the business focus from spot orders to contractual clients which brings more stable revenues and ensures higher service standards.

The average number of trucks used by the Group did not change as compared to the previous year. Due to the portfolio change in the reporting year, load decreased slightly, i.e. by 1%. However, we could achieve 15% higher revenues per km, which covered increased fuel prices and other expenses.

Our international transportation contracts are typically concluded for a fixed term of one year (appr.60%) or for specific assignments on an ad hoc basis (appr.40%). The Group concludes contracts in compliance with international transportation standards, with general rights and obligations according to the normal market practice. Our transport fees typically depend on destinations and are denominated in EUR. For long-term contracts, we normally add a fuel cost covenant. Under the fuel cost covenant, the price is automatically amended if an internationally accepted base price changes in excess of the pre-determined price range. Our partners seldom guarantee the volume of their orders and service providers have to make arrangements for managing variable order volumes at their own risk. Penalties relate to delays in on-time pick-up and on-time delivery. In case of waiting times, the service provider is entitled to charge a downtime fee.
In addition to using its own transport vehicles, the Group uses subcontractor transport services and related other services to meet its international transport demand. These services are typically supplied and charged on an 'as is' basis to the Group's customers, with all risks covered by the Group. Therefore, the Group acts as principal. Such services include other crossing services and resale of fuel.

Regional contract logistics segment (RCL)

The Group's sales revenues generated by its own fleet exceeded the prior year's figure by 15.18 %. The fleet's specific mileage dropped slightly by 0.62%, while revenues per mileage unit increased by 27.99%.

Apart from road freight transport, the regional logistics segment provides its customers complex logistics services, including warehousing and other ancillary services. Revenues from warehousing comprise the most significant component of other revenues. Revenues from warehousing services exceeded EUR 87 million in the reporting year, which is in line with the previous year's volume. In order to carry out the warehousing activity, WSZL Kft. has entered into contracts with two other third-party property operators in recent years in addition to the property rented from BILK Logisztikai Zrt. and the warehouse possessed by Közdűlő Invest Kft. owned by the Group. The segment carries out its warehouse logistics activities in rented properties exceeding 200,000 square meters.

In the RCL segment, the Group concludes logistics contracts with business partners for typically three to five years and normally does not sign ad hoc contracts. Transporting services are charged by kilometre, number of turns or at a destination rate; for distribution services, pricing is normally based on cargo weight or value. Typically, we bill fuel price changes and road tolls separately, and indexing payroll costs is also normal practice for long-term contracts. For warehousing services, the basis of settlement in typical contracts is normally the storage entry/removal fees, indexed payroll and overhead costs, and the general rate of inflation.
The Group's partners are mostly multinational corporations using several logistics service providers. Therefore, they are in a position to determine the general contractual terms. As we have hundreds of large customers and thousands of smaller customers, the presentation of specific, individual contractual terms is not practicable.

IFRS 4 REVENUES

OTHER SEGMENT

Insurance revenues comprise the revenues of Wáberer Hungária Biztosító Zrt. from third party insurance policies. The Group's insurance company offers insurance solutions relating to domestic and international transportation, such as motor third party liability insurance, comprehensive motor vehicle insurance, CMR and carrier's indemnity insurance. The insurance company also offers services (vehicle and property insurance) to retail clients. In accordance with applicable Hungarian legislation, the Group's insurance company does not offer life insurance services. The Company achieved almost the same level of sales revenues from insurance activities as in the previous year. These revenues amounted to more than EUR 70 million in 2022 and are recognised as other revenues in the table above.

The following two customers account for more than 10% of the Company's total consolidated revenues in 2022:

Volkswagen Konzernlogisik GmbH & CO, Germany, which is the most significant client of the regional contract logistics segment with revenues of tEUR 61,277 in 2022.
PSA Automobiles SA, France, which is the international transportation segment's business partner with revenues of tEUR 48,221 EUR in 2022.

23. DIRECT COSTS

The Group's direct costs are presented in the table below, while the explanations and analysis for the individual rows are shown in the following points:

	2022	2021
Depreciation	46,693	47,004
Subcontractor expenses	115,955	96,750
Cost of goods sold	18,661	11,133
Direct payroll costs, allowances and payroll taxes	118,302	102,807
Fuel costs	108,844	74,273
Road tolls and transit costs	88,224	80,815
Repair and assembly costs	22,133	21,812
Insurance costs and expenses	29,694	36,647
Reinsurance costs	30,466	34,103
Direct rentals	4,721	4,002
Other services	4,748	2,745
Vehicle weight tax and other transportation taxes	1,485	1,577
TOTAL	**589,926**	**513,668**

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

24. DIRECT PAYROLL COSTS, ALLOWANCES AND PAYROLL TAXES

International transportation segment

DESCRIPTION	2022	2021
DIRECT PAYROLL COSTS AND RELATED TAXES	**31,289**	**24,251**
Fixed wages and related taxes	22,895	18,443
Variable wages and related taxes	8,394	5,808
DIRECT ALLOWANCES	**40,210**	**34,524**
DIRECT PAYROLL COSTS, ALLOWANCES AND PAYROLL TAXES	**71,499**	**58,775**

Direct payroll costs, allowances and payroll taxes comprise the allowances and related taxes of international drivers, repair personnel, and domestic storage workers.

Fixed wages and related taxes comprise the gross salaries and related taxes for drivers and repair mechanics.

Variable wages and related taxes comprise driver bonuses and social security contributions on wages.

Direct allowances comprise cost reimbursements to drivers, i.e. per diem allowances and fuel saving incentive payments.

Direct fixed wages and related taxes increased by 24.13%, variable wages and related taxes increased by 44.5%, and direct allowances increased by 21.64% on the previous year.

Regional contract logistics segment

DESCRIPTION	2022	2021
DIRECT PAYROLL COSTS AND RELATED TAXES	**42,178**	**38,879**
Fixed wages and related taxes	19,743	17,294
Variable wages and related taxes	22,435	21,585
DIRECT ALLOWANCES	**4,641**	**5,182**
DIRECT PAYROLL COSTS, ALLOWANCES AND PAYROLL TAXES	**46,819**	**44,061**

Payroll costs, allowances and payroll taxes reflect the wages and allowances paid to the Group’s domestic drivers, repair personnel, and warehouse staff, as well as the related taxes and social security contributions.

The significant increase in direct payroll costs, allowances and payroll taxes was the result of the pay increase in 2022.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

25. FUEL COSTS

	2022	2021
Fuel used for international transportation	87,124	58,889
Fuel used for domestic transportation	21,730	15,408
Inter-segment elimination	-10	-24
FUEL COSTS	**108,844**	**74,273**

The fuel cost of international transportation increased by EUR 28 million (47.94%) on the previous year, mainly as a result of increased fuel prices and partly as a result of the increased sales volume. Fuel costs rose significantly compared to the previous year.

The fuel cost of domestic transportation increased by approx. 41%.

26. ROAD TOLLS AND TRANSIT COSTS

		2022	2021
Transit cost of international transportation		66,667	56,221
of which:	motorway tolls	35,176	31,806
	crossing fees	23,146	17,809
	services used	860	574
	other transit costs	7,485	6,032
transit cost of domestic transportation		21,557	24,594
of which:	motorway tolls	9,205	9,266
	crossing fees	0	0
	services used	11,584	14,313
	other transit costs	768	1,015
Road tolls and transit costs		80,224	80,815

There was a slight increase in international forwarding transit costs.

Road tolls increased minimally in the reporting year compared to the previous year as a result of integrating non-toll main roads and lower price motorways into our route planner program.

Other transit costs include parking costs, road tolls and transit costs. The reason for a significant increase in this category was the material hike in parking costs as a result of changes in fleet operations and the fact that part of the retrospective discounts is incorporated in our invoices on monthly deliveries.

27. REINSURANCE COSTS

	2022	2021
Reinsurance costs	30,466	34,103

Wáberer Hungária Biztosító Zrt. covers its most significant risks by reinsurance contracts. Reinsurance covers 75% for international consignment insurance (CMR and consignment), 50% for comprehensive motor vehicle insurance, housing and other property insurance, and 50% for motor third party liability insurance. The reason for a significant increase in reinsurance costs was that the insurance company's large risk exposure was minimised in view of a sustainable profit ratio.

28. OTHER EXPENSES

	2022	2021
Repair and assembly costs	22,133	21,812
Insurance costs and expenses	29,694	36,647
Direct rental costs	4,721	4,002
Other services	4,748	2,745
Vehicle weight tax and other transportation taxes	1,485	1,577
Total other expenses	67,281	66,783

Repair and assembly costs show a minimal increase.
Exempt leases of less than 1 year and less than EUR 5,000 recognised under rentals amount to tEUR 713. Other rentals include tracking systems, and forklift trucks used for warehouse logistics, which as non-identifiable assets are not within the scope of IFRS 16.

Other services include electricity and gas costs as well as warehousing-related costs.

In accordance with the Company’s accounting policies, both damages paid and changes in insurance technical reserves are presented as insurance costs in the profit and loss statement.

Insurance costs include claims paid by Wáberer Hungária Biztosító Zrt to not only Group members but also to third parties. Insurance costs dropped as a result of fewer damage events due to a smaller international fleet. The other segment reflects damages paid in proportion to the increased third-party insurance revenues of Wáberer Hungária Biztosító Zrt.

	2022	2021
International transportation	4,385	7,966
Regional contract logistics	927	1,407
Other	24,382	27,274
Total	29,694	36,647

29. INDIRECT COSTS

Movements of indirect costs:

		2022	2021
Indirect wages and payments		36,556	34,690
Other services		21,298	19,454
	Property maintenance, utilities and related service fees	7,078	5,974
	Fees paid to experts	3,653	3,011
	IT expenses	4,129	4,765
	Communication costs	572	590
	Company cars	987	776
	Marketing expenses	722	468
	Other expenses	4,112	3,870
Total selling, general and administrative costs		57,809	54,144

30. OTHER INCOME

	2022	2021
Damage compensation received	961	829
Compensation of fines, penalties, default interest	840	120
Employee reimbursements	606	583
Insurer's effective interest adjustment	1,153	0
Return on term deposits to cover insurance claim reserve	255	1,162
Proceeds from sale of other property, plant and equipment	3,340	2,383
Proceeds from the tax litigation won by the Romanian company	858	0
Subsidy received to compensate for expenses	3,078	87
Gain or loss on the disposal of vehicles	1,087	1,015
Miscellaneous other income	1,575	2,234
TOTAL	**13,753**	**8,413**

State aid
In 2022, the Company accounted proceeds from two state aids granted to offset costs. The aids were recognised as other income on a gross basis as follows:

Waberer's International Nyrt.
The Company was awarded state aid of tEUR 2,711 under the scheme HIPA/VNT2-2020-045 for improving competitiveness to compensate for the impacts of government measures taken in response to the coronavirus pandemic.

WSZL Autmotív Kft
The state aid EKD/SSC-2022/4 for capital projects was granted to compensate for payments to personnel for a regional service centre providing administrative services. The maximum subsidy amount is tHUF 389,646, of which tHUF 139,415, i.e. tEUR 348 was recognised as income based on the work performed in 2022 in line with the schedule.

The companies concerned fulfilled the terms for the two tenders, there are no further conditions attached.

31. OTHER EXPENSES

	2022	2021
Damages paid	1,215	1,845
Provision for existing liabilities, claims, penalties	4,085	1,038
Penalties, fines	1,297	1,756
Impairment on inventories	1	70
Impairment on securities	1,177	0
Receivables written off	170	494
Provisions for insurance claims	147	0
Miscellaneous other expenses	887	1,232
TOTAL:	**8,979**	**6,435**

Income and expenses relating to claims comprise damages in vehicles and goods during transport as well as the associated insurance pay-outs.

The significant increase in the provision for claims and penalties under other expenses is the reason for the rise between the two years; see provisions in note 18.

32. FINANCIAL PROFIT/LOSS

	2022	2021
Other interest income	887	7
Interest income from non-current financial assets	620	0
Effective interest on non-current financial assets	128	0
Interest income from financial institutions	444	0
IFRS 16 interest on vehicle leases	-3,309	-2,089
Interest on property lease under IFRS 16	-716	-872
Interest expense on issued bond	-3,200	0
Other interest expense	-738	-1,006
Realised exchange difference	-937	-732
Unrealised exchange difference	-3,974	819
Realised gain or loss on derivative transactions	-152	0
Other	-465	-232
TOTAL	**-11,412**	**-4,105**

Breakdown of unrealised exchange difference:

	2022	2021
Unrealised exchange gains	16,742	526
Unrealised exchange losses	-20,716	1,345
Unrealised exchange loss	-3,974	819

Of the Group members, Waberer's International Nyrt., WSZL Kft. and LINK Sp. z o.o. had significant leases both in 2021 and in 2022. Interest paid on leases fell from tEUR 2,089 in 2021 to tEUR 3,309 in 2022.

Because of its Polish subsidiary, which has PLN as its functional currency, the Group revalued its lease liabilities denominated in EUR. Similarly, WSZL Kft, whose books are still kept in HUF as the functional currency, recognises exchange differences on its leasing transactions based on EUR exchange rate fluctuations, which are translated into EUR upon consolidation, and at Group level caused a loss of tEUR 5,061 in 2022.

Assets and liabilities denominated in foreign currencies are presented in Note 39. c).

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

33. INCOME TAX EXPENSE

The income tax expense disclosed in the consolidated financial statements for the Group as at 31 December 2021 and 2022 comprised the following components:

	2022	2021
Innovation contribution	1,052	958
Local business tax	3,891	3,187
Corporate tax	2,409	1,790
Deferred taxes	-1,739	-953
Total income tax expense	5,613	4,982

The Group treats the Hungarian corporate tax, local business tax, and innovation contribution as income taxes, along with the corresponding foreign income taxes; the effects of the different tax bases are presented in the calculation of the difference between the expected tax and the recognised income tax.

Balance sheet items for deferred tax:

DEFERRED TAX ASSET/LIABILITY	2022	2021
Loss carryforward, other allowance	5,113	5,476
Provisions/impairment on liabilities	1,449	837
Property, plant, equipment and intangible assets	-1,168	-2,478
Other temporary difference	0	34
Other comprehensive income, hedge	107	0
Net deferred tax assets	5,501	3,869
of which:		
Deferred tax assets	6,669	6,347
Deferred tax liability	-1,168	-2,478
	5,501	**3,869**

During the preparation of the 2022 financial statements, the Group reviewed the recoverability of deferred tax assets from the Group's loss carry-forward based on the strategic plans for 2023-2027. Taking advantage of the options provided under the Corporate Tax Act, the Group formed a corporate tax group as of 1 January 2019 with the subsidiaries that follow the same accounting principles and have the same functional currency, which allows joint payment of corporate tax.

INCEPTION/EXPIRY	2017/2022	2018/2023	2019/2024	2020/2025	2021/2026	2022/2027	TOTAL
Loss for year	8,613	23,092	1,701	39,212	5,619	9,971	88,208
Expected use	0	8,927	1,701	30,327	5,619	9,971	56,545
Expected year of use	n/a	2023	2022	2022, 2024, 2025	2026	2027	
Unused portion	8,613	14,165	0	8,885	0	0	31,663
Deferred tax asset	0	8,927	1,701	30,327	5,619	9,971	56,545

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

For the recoverable part of losses incurred in the years 2017-2022, the Group recognised a deferred tax asset each year based on a 5-year recovery plan of the results generated by the subsidiaries.

The calculation of the difference between the tax payment liability expected on the basis of the accounting profit and the actual tax liability is shown in the following table:

GROUP'S EFFECTIVE TAX RATE	2022	2021
Pre-tax profit/loss	21,817	23,078
9% income tax – expected tax, 2021, 11.3%	1,964	2,608
Current tax	5,613	4,982
Difference	3,649	2,374
Different % rate, Romania, Poland	311	0
Local tax, innovation contribution	4,498	4,809
Other	-931	-2435
Impact of previous-year asset	-229	0
TOTAL:	**3,649**	**2,374**

34. DISCLOSURES RELATING TO RIGHTS OF USE FOR PROPERTY LEASES UNDER IFRS 16

The table below shows the Group's disclosure obligations for rights of property use recognized under IFRS 16.

Right of use assets are recognised in accordance with IFRS 16. Lease liabilities under IFRS 16 were determined on the basis of the present values of future cash flows of the lease agreements. The discount rate applied was a 2% interest rate used for the financing arrangements of the Group's similar assets in Hungary.

DESCRIPTION	RIGHT OF USE UNDER IFRS 16 (WÁBERER'S LOGISZTIKA)	RIGHT OF USE UNDER IFRS 16 (LINK)	RIGHT OF USE UNDER IFRS 16 (WÁBERER HUNGÁRIA)	RIGHT OF USE UNDER IFRS 16 (WSZL AUTOMOTÍV)
Country	Hungary	Poland	Hungary	Hungary
Usage	Rented warehouse - permanent establish-ment	Rented property – per-manent establishments	Rented property - head office	Rented property - head office
Classification	Land and buildings	Land and buildings	Land and buildings	Land and buildings
IFRS 16 53.(a) depreciation of right-of-use assets by class of the underlying assets	5,618	769	0	45
IFRS 16 53.(b) interest expense on the lease liability	778	46	1	2
IFRS 16 53.(g) total cash outflow for leases	6,396	815	1	47
IFRS 16 53.(h) additions to right-of-use assets	23,270	10	-	-
IFRS 16 53.(j) the carrying amount of right-of-use assets at the end of the reporting period	33,006	2,245	25	62

In the case of the transport vehicles used and financed from leases by the Group, the value of rights of use according to IFRS 16 has been disclosed, which is detailed in Note 7 Tangible assets.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

DESCRIPTION	RIGHT OF USE UNDER IFRS 16 VEHICLES
Usage	Transportation/forwarding
Classification	Vehicles
IFRS 16 53.(a) depreciation of right-of-use assets by class of the underlying assets	30,949
IFRS 16 53.(b) interest expense on the lease liability	3,305
IFRS 16 53.(g) total cash outflow for leases	34,254
IFRS 16 53.(h) value additions to right-of-use assets	89,291
IFRS 16 53.(j) the carrying amount of right-of-use assets at the end of the reporting period	109,611

35. CASH FLOW DISCLOSURES

	LONG-TERM LOANS	LEASE	OTHER LOANS	OVERDRAFTS	BONDS	TOTAL
Balance sheet amounts as at 1 January 2021	0	163,547	8,079	27,150	0	198,776
Financing cash flows	20,761	-63,650	-2,607	-5,958	-	-51,454
New leases	-	32,790	-	-	-	32,790
Unrealised exchange differences	-	-512	1,742	-71	-	1,159
Effect of other items						
-Interest expense	-268	-2,088	-237	-502	-	-3,095
-Interest paid	268	2,088	237	502	-	3,095
Balance sheet figures, 31 December 2021	20,761	132,175	7,214	20,117	0	180,267
Financing cash flows	-20,761	-49,076	-3,806	-20,117	110,932	17,172
New leases	-	112,571	-	-	-	112,571
Unrealised exchange differences	-	-4,234	-61	0	0	-4,295
Cash flows related to non-financing activity		-20,168				-20,168
Other items not involving cash movements		-18,132				-18,132
Effect of other items						
-Interest expense	-121	-3,309	-450	-169	-2,881	-6,930
-Interest paid	121	3,309	450	169	0	4,049
Balance sheet amounts as at 31 December 2022	0	153,136	3,347	0	113,813	264,534

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

36. PRESENTATION OF COSTS BY COST TYPE

	2022	2021
Changes in self-produced inventories, own performance, cost of goods sold	-243,460	-182,156
Material expenses	-202,724	-201,155
Payments to personnel	-154,857	-137,497
Depreciation and amortisation	-46,693	-47,004
Balance of other income and expenses	4,773	1,978
Net impairment on financial assets	284	491
Total	-642,677	-565,343

Breakdown of material-type expenses:

	2022	2021
Road tolls and transit costs	88,224	80,815
Repair and assembly costs	22,133	21,812
Insurance costs and expenses	29,694	36,647
Reinsurance costs	30,466	34,103
Direct rentals	4,721	4,002
Other services	26,001	22,199
Vehicle weight tax and other transportation taxes	1,485	1,577
Total	202,724	201,155

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

37. RESTATEMENTS

In 2022, the Group made a decision to restructure the financial statements to ensure a higher level of compliance with IFRS and promote transparency.
To ensure comparability, these reclassifications are also presented for the previous financial year.

Reclassifications in the consolidated statement of financial position:

LINE ITEM	31/12/2021	RECLASSIFICATION	31/12/2021 RESTATED
Other current assets	26,722	-679	26,043
Derivative financial instruments		679	679
Non-current financial assets measured through other comprehensive income - Debt instruments - Long-term	93,720	-23,395	70,325
Non-current financial assets measured through other comprehensive income - Debt instruments - Short-term		23,395	23,395
	120,442	**0**	**120,442**
EQUITY			
Share capital	6,118		6,118
Reserves	70,326	-70,326	-
Capital reserve		68,438	68,438
Retained earnings		6,198	6,198
Other reserves		-4,310	-4,310
Translation difference	-7,952		-7,952
	68,492	**0**	**68,492**
Other current liabilities	21,191	4,102	25,293
Derivative financial instruments		1,532	1,532
Provisions	5,634	-5,634	0
	26,825	**0**	**26,825**

As a result of the changes made, derivative transactions were transferred to a separate line item. The current portion of non-current assets measured through other comprehensive income was reallocated, and equity was split into the relevant line items for reserves. Within provisions, the provision for bonuses and untaken vacations were released and recognised as other current liabilities.

Reclassifications in the consolidated statement of comprehensive income:

LINE ITEM	2021	RECLASSIFICATIONS	2021 RESTATED
CONTINUING OPERATIONS			
Net revenues	590,820	1,705	592,525
Total direct expenses	-464,633	-49,035	-513,668
Proceeds from/(loss on) disposal of vehicles	690	-690	0
Gross margin	126,876	-48,020	78,856
Other income	8,462	-49	8,413
Other expenses	-7,008	573	-6,435
Net impairment on financial assets	0	491	491
Depreciation and amortisation	-47,004	47,004	0

As a result of the reclassifications made, the line item for the disposal of vehicles accounted on an aggregate and net basis was cancelled, income and expenses were classified in the line items for other income, other expenses, and net revenues.
The net impairment on financial assets was reallocated.

38. MANAGING FINANCIAL RISKS

The Group is exposed to various types of financial risk in terms of its operations. These risks can be classified into the following groups:
- credit risk
- liquidity risk
- market risk

The management of the Group's financial risks was centralised to the finance department.

This section contains a brief description of how these risks impact on the Group's exposures, and what targets, processes and internal policies the Group has developed and applies to measure and manage individual risks.

The Company's Board of Directors is responsible for setting the risk management guidelines and frameworks for the Group. Their task is to design and set up a uniform risk management policy and strategy, and continuously monitor what risks the Group is exposed to. The Board of Directors is also responsible for regularly reviewing risk management policies and strategies, as well as updating and modifying them if market circumstances change.

(a) Credit risk

Credit risk is the risk that the Group will incur a loss due to a client not complying with contractual terms and conditions. From the perspective of the Group this primarily means the risk of non-payment by the clients.

Trade and other receivables

The 10 largest clients account for 33.54% of total revenues in 2021 and 34.45% of total revenues in 2022; the clients are rated low risk and stable payers.

The Group drafted a credit risk management policy based on which a review is carried out on all new customers regarding their operations and public information available at the tax authority. Thereafter, the commercial loan limit is determined based on the system of external and internal evaluations. The Group does not request any collateral to secure individual trade receivables.

The Group has developed long-term relationships with customers, losses are not common. The Group monitors existing customers on a monthly basis to check the size of existing exposures and overdue items. If the set limits are reached or exceeded the system automatically blocks further transactions. The individual exposures are grouped according to the number of days in default and the legal status of invoices.

The range of external services and service providers used for risk management was extended to mitigate future risks. One segment of customers has loan insurance contracts, while a new service provider was brought in to help rate customers in Central and Eastern Europe more effectively.
The connection of foreign subsidiaries to the central IT system will result in a centralised risk and receivables management.
With the higher headcount in Collections more emphasis is now placed on proactive client management.
The calculation of impairment reflects an estimate on the extent of the likely loss for the Group from exposures to customers. The majority of the impairment is made up of individual impairment charges on individually significant items. The other part is group impairment, which is recorded for incurred but as yet unidentified losses in groups of similar assets. The allocation of group impairment is facilitated by historic loss figures.

(b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. The purpose of liquidity management is to ensure sufficient resources for the settlement of liabilities when they fall due.

The Group has factoring contracts in place to manage liquidity shortage. Factoring contracts enable prefinancing both trade receivables and trade liabilities. In the case of Hungarian factoring contracts the factoring company bears the risk of non-payment; for LINK Sp.Z.o.o., factoring contracts are concluded with recourse. In order to mitigate liquidity risk, the Group has overdraft facilities with a number of banks.

Factoring contracts:

BANK	TYPE	FACILITY		OPEN	
Unicredit Bank	Factoring-supplier	9,660	tEUR	9,030	tEUR
Unicredit Bank	Factoring-customer	11,900	tEUR	0	tEUR
Raiffeisen Bank	Factoring-supplier	6,000	tEUR	4,439	tEUR

The Group has fully repaid the loans it received under the earlier consortium financing agreement, recognised in the amount of tEUR 20,761 in long-term loans in the balance sheet for 2021.
The repayment was financed from the Waberers 2032/1 EUR bond issue in April 2022.

Issuer: Waberers's International Nyrt.
Issued in: Hungary

Bond ISIN code	HU0000361662
Issue date	08/04/2022
Quantity	1110
Face value per bond	EUR 100,000.00
Total issued face value	EUR 111,000,000.00
Interest	3.5%
Term in years	10

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

Principal and interest repayment schedule:

DATE	DATE OF ISSUE	REPAYMENT	INTEREST PAYMENT
08/04/2022	EUR 111,000,000.00		
08/04/2023		EUR 0.00	EUR -3,938,957.10
08/04/2024		EUR 0.00	EUR -3,949,746.30
08/04/2025		EUR 0.00	EUR -3,938,957.10
08/04/2026		EUR 0.00	EUR -3,938,957.10
08/04/2027		EUR -11,100,000.00	EUR -3,938,957.10
08/04/2028		EUR -11,100,000.00	EUR -3,554,775.00
08/04/2029		EUR -11,100,000.00	EUR -3,151,167.90
08/04/2030		EUR -11,100,000.00	EUR -2,757,273.30
08/04/2031		EUR -11,100,000.00	EUR -2,363,378.70
08/04/2032		EUR -55,500,000.00	EUR -1,974,878.70
Total	EUR 111,000,000.00	EUR -111,000,000.00	EUR -33,507,048.30

Covenants:

The Issuer must redeem the Bonds prior to the Maturity Date and initiate the cancellation of the Series of Bonds with KELER, (i) if a remedy is possible but has not been provided within 30 days of the occurrence of the following events (“Remedy Period”), within 10 Working Days of the expiry of the Remedy Period, or (ii) if no remedy is possible, within 30 days of the occurrence of the following events:

- Deterioration of the indebtedness ratio: the ratio of the Issuer’s consolidated full net financial indebtedness to the Issuer’s accumulated regular EBITDA figure for the previous 12 months, i.e. the figure defined as “net leverage” in the Issuer’s consolidated annual financial statements is higher than 4.00 according to the Issuer’s audited consolidated annual financial statements; the covenant was met and we expect it to be met at the next reporting date too.

Calculated figures:

DESCRIPTION	31/12/2022
Non-current liabilities from the issue of bonds	113,813
Non-current portion of lease liabilities	117,083
Short-term loans and borrowings	1,916
Current portion of lease liabilities	36,054
Other non-current liabilities	1,431
Gross Debt	270,297
Cash at bank and in hand	90,124
Our cash funds in purchased bonds	30,187
Net Debt	149,986
EBITDA	79,980
Net Debt / EBITDA	1.88

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

- Violation of the dividend limit: the Issuer's Board of Directors proposes a dividend payment of more than 30% of the after-tax profit for the year, whereby for purposes of calculating the current extent the after-tax profit excludes (i) the effects on profit or loss of changes in foreign exchange rates not involving cash movements (accounted in the line item Financial profit/loss of the profit and loss statement and detailed as unrealised exchange difference in the notes to the financial statements), (ii) effects on profit or loss arising from the remeasurement of assets not involving cash movements (accounted in the line item Other expenses of the profit and loss statement and detailed as impairment on goodwill and property, plant and equipment in the notes to the financial statements), (iii) one-off effects not shown as recurring items (presented as non-recurring items in the stock exchange reports); the covenant was met and we expect it to be met at the next reporting date too.

Calculated figures:

Profit/loss after tax	16,204
Non-cash FX impact	-3,974
Impairment	0
Total	20,178

Dividend	0.100	tHUF/share
Number of shares	17,479,035	Without treasury shares
Total dividend	1,747,904	tHUF
EUR/HUF	400	HUF/EUR
Total dividend	4,370	EUR

Dividend / Net Income	21.7%
Bond limit	30%

(c) Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and share prices will influence the Group's profit or loss and the fair values of financial instruments reported in the financial statements. The purpose of managing market risk is to control the exposure to market risks in a way that maximises the return achieved. Market risk is managed by the Group's treasury department.
In terms of market risk, the Group is primarily exposed to exchange rate risks as well as cash flow risks from changes in interest rates and global fuel price.
Waberer's Group is exposed to substantial market risks in terms of its activities. The actual post-calculated figures generally differ from the exchange rates, interest rates, raw material prices used for planning purposes. Transactions concluded for hedging purposes but not included in hedge accounting are designed to protect the Company from this uncertainty, primarily from impacts adversely affecting the planned cash flow (such as changes in exchange rates, interest rates, and fuel prices).
Besides, the Group uses a fuel price covenant in its commercial contracts in order to mitigate its exposure to fuel price fluctuations.

(i) Foreign currency risk

Of the market risks, the Group was affected by foreign currency risk in 2022 to a limited extent as most of the Group's revenues and expenses are in its functional currency (EUR). At some Group members, the functional currency is RON or PLN. The domestic logistics company and the insurance company have HUF as their functional currency. Therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. The proportion and volume of transactions in foreign currencies and in the functional currencies vary. Costs incurred in foreign currencies exceed the revenues earned in foreign currencies. The Group provides an open FX position for costs that are not covered by revenues earned in foreign currencies (natural coverage), the value of which changes along with the relevant FX rate fluctuations. Such expenses relating to FX rate fluctuations represent uncertainty to the Group's cash flows and are therefore addressed with FX hedges (FX derivatives), to which hedge accounting (cash flow hedge) under IFRS is applied. The Group enters into foreign exchange forward sale contracts for selling EUR to the bank at a certain date.

In the ITS and RCL segments, efficiency is measured based on the measurement and proportions of payroll costs, related social security contributions and taxes payable in HUF, suppliers payable in HUF, and the contract prices of FX hedges. For both segments, the basis and volume of hedging transactions depends on costs incurred in HUF.

Waberer's Group does not enter into speculative derivative contracts.

(ii) Interest cash flow risk

The Group pays interest on leases, loans and the issued bond. The interest payable generally comprises an interest base and an interest premium; for the issued bond the interest payable is fixed. The interest base changes constantly in accordance with supply and demand on the interbank money market, central bank decisions and other factors.

(d) Equity management

The Group aims to establish a strong equity position to retain the confidence of investors, creditors, and the market, and support the future development of its business operations. Management continuously monitors returns achieved and the level of dividends due to owners.

The Group's Board of Directors strives to strike a balance between the advantages of a strong equity position, safety, and higher borrowings offering higher returns.
The Group deems its equity components to be equity.

There was no change in equity management processes and methods either in 2021 or in 2022.

Legal regulations applicable to the Company and its Hungarian subsidiaries include the following provisions for equity:

Section 133 (2) of Act V of 2013 on the Hungarian Civil Code (Civil Code) provides for capital adequacy in order to protect creditors: "If a business association's equity is not sufficient to cover the share capital prescribed for its specific corporate form over two consecutive financial years, and the members fail to provide for the necessary equity within a period of three months after approval of the financial statements for the second year, the business association shall be required to adopt a decision within sixty days of this deadline on its transformation or dissolution without a legal successor."

Of the Group, Bódi Intertrans Kft. does not meet the equity requirements stipulated by the Civil Code but this will be addressed by the Group in 2023. The subsidiary LINK complies with local regulatory requirements.

In accordance with government decree 261/2011.(XIII.7.) on the professional terms and licensing procedures of domestic and international goods transportation on roads, such activities may only be carried out in Hungary with a licence for transporting goods by road, which is subject to the Company verifying its reputation, professional competence and appropriate financial position.
The financial position is appropriate if the business entity has the necessary equity to start and pursue its activities without any disturbances:

i. equity (own funds) for one vehicle or for the first vehicle is at least EUR 9,000 and for every additional vehicle at least EUR 5,000 and

ii. the Company constantly meets its tax, customs duty and contribution payment obligations as well as its payment obligations to the transport authority.

The members of the Group engaged in road transportation, such as Waberer's International Nyrt., Waberer's-Szemerey Logisztikai Kft., Nexways Cargo Kft., Bódi Intertrans Kft., and LINK Sp.z.o.o have the required level of capitalisation or professional indemnity insurance to ensure compliance with relevant legislation concerning financial position. The subsidiary LINK complies with local regulatory requirements.

During the financial year, the parent company's Board of Directors decided to supplement the negative retained earnings from the capital reserve, and a transfer of tEUR 44,726 was made to the retained earnings in 2022, which is shown in the consolidated statement of changes in equity.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

39. FINANCIAL INSTRUMENTS

(a) Credit risk

The maximum carrying amount of the Group's exposure to credit risk:

	31/12/2022	31/12/2021
Other non-current financial assets	8	13
Receivables from supplies of goods and services	108,496	90,282
Other current assets	5,112	5,225
Non-current financial assets measured through other comprehen-sive income - Debt instruments - Short-term	37,050	23,395
Non-current financial assets measured at amortised cost – Debt instruments – Short-term	9,151	0
Derivative financial instruments	2,585	679
Cash at bank and in hand	90,124	58,583
Other financial instruments - long-term debt	72,225	70,325
Maximum credit risk exposure	324,751	248,502

Breakdown of the maximum carrying value of the Group's credit risk exposure to customers according to the geographical location of the customers' permanent establishments:

	31/12/2022	31/12/2021
Domestic	48,986	41,002
EU countries	59,510	49,258
Non-EU countries	0	22
Maximum credit risk exposure to customers	108,496	90,282

The highest possible exposure to credit risk is the balance sheet value of trade receivables and investments in securities.

Impairment on trade receivables broken down by maturity:

	31/12/2022		31/12/2021	
	COST	IMPAIRMENT	COST	IMPAIRMENT
not overdue	104,007	111	86,057	81
overdue by 0-90 days	5,257	641	3,774	19
overdue by 91-180 days	-16	0	140	10
overdue by 181-360 days	119	119	44	44
overdue by more than 360 days	180	180	1,513	1,092
Trade receivables	109,547	1,051	91,528	1,246

The majority of the trade receivables balances is from financially sound customers.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

(b) Liquidity risk

Financial liabilities broken down by maturity:

FIGURES IN EUR	31/12/2022				
	WITHIN 6 MONTHS	WITHIN 6 TO 12 MONTHS	WITHIN 1 TO 2 YEARS	WITHIN 2 TO 5 YEARS	OVER 5 YEARS
Lease liabilities	20,148	22,362	35,695	75,196	18,439
Liabilities from the issue of bonds	3,939	0	3,950	11,817	128,740
Loans and borrowings	1,916	0	1,431	0	0
Liabilities from supplies of goods and services	98,184	0	0	0	0
Derivative financial instruments	1,026	0	0	0	0
Other current liabilities	5,112	0	0	0	0
Total	130,325	22,362	41,076	87,013	147,179

FIGURES IN EUR	31/12/2021				
	WITHIN 6 MONTHS	WITHIN 6 TO 12 MONTHS	WITHIN 1 TO 2 YEARS	WITHIN 2 TO 5 YEARS	OVER 5 YEARS
Lease liabilities	29,210	17,811	23,915	47,831	20,851
Long term consortium loan	0	0	0	20,761	0
Short-term loans	24,756	0	0	0	0
Liabilities from supplies of goods and services	87,609	0	0	0	0
Derivative financial instruments	1,532				
Other current liabilities	5,225	0	0	0	0
Total	148,332	17,811	23,915	68,592	20,851

(c) Foreign currency risk

The Group's exposures broken down by currency:

	31/12/2022			
	EUR	**HUF**	**OTHER**	**TOTAL**
Receivables from supplies of goods and services	73,766	29,837	4,893	108,496
Other current assets and derivative financial instruments	50,451			50,451
Other non-current financial assets - Debt instruments	72,225			72,225
Liabilities from the issue of bonds	-113,813	0	0	-113,813
Loans and borrowings	-3,347	0	0	-3,347
Leases	-152,186	-708	0	-152,894
Liabilities from supplies of goods and services	-72,830	-21,922	-3432	-98,184
Other financial instruments - Liabilities	0	-6,138	0	-6,138
Net position	-145,734	1,069	1,461	-143,204
	31/12/2021			
	EUR	HUF	Other	Total
Receivables from supplies of goods and services	61,120	24,843	4,319	90,282
Other current assets and derivative financial instruments	12,813			12,813
Other non-current financial assets – Long-term and short-term debt instruments	93,720			93,720
Loans and borrowings	-45,517	0	0	-45,517
Leases	-129,958	-1,490	0	-131,448
Liabilities from supplies of goods and services	-59,243	-23,385	-4,981	-87,609
Other financial instruments - Liabilities	0	-6,757	0	-6,757
Net position	-67,065	-6,789	-662	-74,516

The Group's existing receivables and liabilities in HUF were revalued at the foreign exchange rates of 400.25 HUF/EUR, 4.94869 RON/EUR, and 4.68591 PLN/EUR. The financial plan for 2023 was prepared based on a forecasted rate of 410 HUF/EUR, 4.7 PLN/EUR and 4.1935 RON/EUR.

Calculating with a reasonably probable estimation of foreign exchange rate fluctuation (2,44%) based on historic data, the net HUF position open at the balance sheet date would result in an exchange difference of tEUR 516 (HUF 206 million).
The Group enters into derivative exchange rate hedges to mitigate exchange rate risk. As at 31 December 2022, the fair value of derivative transactions based on remeasurements at the balance sheet date resulted in a positive fair value difference of tEUR 1,559. In 2021, the negative fair value difference on derivative transactions amounted to tEUR 854.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

(d) Fair value of financial instruments

The following table presents the fair values and carrying amounts of financial instruments for 2022 and 2021:

	2022		2021	
	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Other non-current financial assets - Debt instruments	72,723	72,225	70,395	74,854
Other non-current financial assets	8	8	0	0
Receivables from supplies of goods and services	105,766	105,766	90,282	90,282
Other current assets	7,965	7,965	8,529	8,529
derivative financial instruments	2,585	2,585	679	679
Non-current financial assets measured through other comprehensive income - Debt instruments - Short-term	37,050	37,050	23,395	23,395
Non-current financial assets measured at amortised cost – Debt instruments – Short-term	9,151	9,151	0	0
Cash at bank and in hand	90,124	90,124	58,583	58,583
Total financial assets	325,372	324,874	251,793	251,793
Non-current liabilities from the issue of bonds	111,000	110,932	0	0
Long-term loans	0	0	20,761	20,761
Short-term loans	1,916	1,916	24,756	24,756
Liabilities from supplies of goods and services	98,184	98,184	87,609	87,609
Other current liabilities	5,112	5,112	5,225	5,225
Derivative financial instruments	1,026	1,026	1,532	1,532
Insurance technical liabilities	5,420	5,420	15,576	15,576
Total financial liabilities	220,658	220,590	155,459	155,459

The fair value of financial assets and liabilities fairly approximates their value recognised in the balance sheet.

The fair values of financial instruments were determined as follows:

- Fair value of receivables from supplies of goods and services: discounted value of future cash flows of receivables based on the market interest rate valid at the balance sheet date. Due to the quick turnover of trade receivables, discounting has no material effect.
- Fair value of derivative transactions: determined using a measurement technique based solely on market inputs, calculated on the basis of MtM indicators from banks, i.e. level 2 inputs.
- Fair value of lease liabilities and loans: present value of future cash flows calculated based on market and implicit interest rate valid at the balance sheet date.
- Fair value of debt instruments: dealer prices quoted on active markets, determined by prices of Government Debt Management Agency based on level 1 inputs
- Fair value of liabilities from supplies of goods and services: future cash flows discounted to the balance sheet date. Due to the quick turnover of trade liabilities, discounting has no material effect.

In 2022 and 2021 the Group had no instruments that would have been classified into category 3.
(stage 3: measurement procedures based on unobservable and unmonitored market data).

(e) Interest rate risk

Cash flow sensitivity analysis for floating rate financial instruments
Our analyses show that a 10 basis points change in EURIBOR induces a change in interest expense on lease liabilities by EUR 43,540. This change would not affect the Group's equity. This analysis was based on the assumption that all other factors (such as currency exchange rates) remained unchanged.

40. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The details of provisions per category and movements in provisions are presented in Note 16.

Litigations
The following table shows the provisions allocated to legal actions, and the litigated amount from the legal actions to which the Group did not allocate provisions (contingent liabilities) after consideration of the information available. In these cases, winning the case is more likely than not, so no cash outflow is expected.

Most of the contingent liabilities in 2022 related to smaller subcontractor deliveries and employee claims, but were not significant.

2022		2021	
LITIGATED PRINCIPAL AMOUNT		LITIGATED PRINCIPAL AMOUNT	
Provision recognised	Contingent liability	Provision recognised	Contingent liability
3,147	82	1,669	104

Contingent assets:
Further to the decision of the European Commission of 19 July 2016, five big heavy goods vehicle manufacturers (MAN, Daimler, Volvo/Renault, Iveco, DAF) violated Section 101 of the Treaty on the Functioning of the European Union between 1997 and 2011 when they synchronised their wholesale prices for trucks of 6-16 tonnes and above, the timing of the introduction expenses of new emission technologies and the recharge mechanism for these expenses throughout the EEA. Waberer's Group brought an action for damages before the Munich Municipal Court of Justice concerning two instances of potential overpricing by the heavy goods vehicle manufacturers. Hausfeld, Waberer's legal representative, is a German law firm specialised in competition law infringements. A court-appointed forensic expert is currently working on the lawsuit to determine the amount of possible damages.

41. CONTRACT LIABILITIES

One of the Group's customer contracts includes an embedded derivative, which is presented at fair value in the amount of tEUR 3,373 in contract liabilities in the balance sheet.

42. TRANSACTIONS WITH RELATED PARTIES

Members of the Group's management at 31 December 2022:
- Zsolt Barna was appointed the Company's CEO on 1 September 2021. He also acts as managing director of WSZL Kft. and WSZL Automotív Kft., and head of the regional contract logistics line of business.
- Barna Erdélyi is an operational member of the Company's Board of Directors, and Director of Key Corporate Affairs as of 1 September 2021. He is also Chairman of the Board of Directors for Wáberer Hungária Zrt. and LINK sp.z.o.o.
- Szabolcs Gábor Tóth has been the Company's director of finance and strategy since 23 June 2020. He is also managing director of WSZL Kft. and WSZL Automotív Kft., and Board of Directors member for Wáberer Hungária Zrt. and LINK sp.z.o.o.
- Bence Nyilasy is Wáberer Hungária Zrt.'s CEO and Board of Directors member.

- Marcin Kakol is LINK sp. z o.o.'s CEO and Board of Directors member.

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

Members of the Board of Directors:

NAME	STATUS	DATE AND DURATION OF APPOINTMENT
Barna Erdélyi	non-independent operational member	01/09/2021 – 31/05/2024 or the date of AGM, if earlier
György Péter Waberer	non-independent (High Yield Zrt. shareholder, actual owner and Chairman of the Board), non-operational (external) member	20/04/2021 – 31/05/2024 or the date of AGM, if earlier
Dr. Márk Czéh-Tóth	independent, non-operative (external) member / chairman	20/04/2021 – 31/05/2024 or the date of AGM, if earlier

At 31 December 2022, the Board members held the following number of shares:

György Péter Waberer, through HIGH YIELD Vagyonkezelő Zrt., as its sole owner	4,048,476 shares
György Péter Waberer	885 shares

Members of the Board of Directors/Audit Committee

NAME	STATUS	DATE AND DURATION OF APPOINTMENT
David William Moffat Thompson (Chairman of the Audit Committee)	independent	28/08/2018 – 31/05/2024, or the date of the AGM, if earlier
Sándor Székely	non-independent (employee delegate)	11/05/2017 – 31/05/2024, or the date of the AGM, if earlier
Mária Szalainé Kazuska	non-independent (employee delegate)	31/5/2017 – 8/4/2022
Attila Verestóy	non-independent (employee delegate)	08/04/2022 – 31/05/2024 or the date of AGM, if earlier
Ferenc Mike (member of the Audit Committee)	independent	20/4/2021 – 24/5/2022
dr. Norbert Szivek (member of the Audit Committee)	independent	20/04/2021 – 31/05/2024 or the date of the AGM, if earlier
dr. Attila Végh (member of the Audit Committee as of 08/04/2022)	independent	20/04/2021 – 31/05/2024 or the date of the AGM, if earlier

Supervisory Board members did not hold any ordinary shares as at 31 December 2022.
Transactions with management and those exercising ultimate control

The remuneration of key senior officers are presented below:

	2022	2021
Wages and other short-term remunerations	1,343	1,739
Total:	1,343	1,739

Further to the resolutions of the shareholders' meeting of 19 April 2021, the chairman and the members of the Board of Directors are not remunerated for their contribution. The members of the Supervisory Board are entitled to a honorarium of up to HUF 300,000 (gross) per month, subject to their underlying agreement; the chairman is entitled to a remuneration of not more than HUF 450,000 (gross) per month. The chairman of the Audit Committee is entitled to a monthly remuneration of up to HUF 100,000 (gross) subject to the terms of their underlying agreement; the members of the Audit Committee are not remunerated for their contribution. The members of other boards or committees do not receive any remuneration for their contribution.

Transactions with companies controlled by the ultimate controlling party

FIGURES IN tEUR UNLESS INDICATED OTHERWISE

Transactions with related parties were always carried out under normal commercial conditions and at arm's length prices, taking into account volumes, complexity, standards and seasonality of service.
Intra-group transactions and balances are eliminated for consolidation purposes, and are therefore not presented here. Transactions between the Group and other related parties are detailed below.
Transactions with key senior officers and related parties:

	2022	2021
Supplies of goods and services - Revenues	557	349
Services used - Expenses	8,544	7,446

Breakdown of services used by type:

	2022	2021
Repair costs	4	0
Transportation services	567	632
Property rent	7,826	6,686
Advisory services	147	128
Total	8,544	7,446

The Group did not have outstanding receivables from or liabilities to the above partners at the end of 2022.

43. SUBSEQUENT EVENTS

The Group's sales revenues are mostly generated in the European Union and the Schengen area; we do not provide substantive services to Russian and Ukrainian markets. Accordingly, our revenues are only marginally affected by the Russian-Ukrainian crisis. However, it cannot be ruled out that the supply chains of some of our partners include parts from the Russian-Ukrainian markets, or that their production relates to these regions, so their transport and logistics demand for our services may change. Managing such risks is part of our business model due to our diversified portfolio. Therefore, we consider the crisis to carry a low risk.

The Group is monitoring the unusually rapid changes in the world economy. Although no information is currently available which would cast doubt on the Group's financial performance or its ability to continue as a going concern, it cannot be ruled out that the rapidly changing, unforeseen international political and economic developments cause an uncertainty about meeting short- and medium-term financial plans and possible use of external funding.

From an operational point of view, the risk is higher regarding our Ukrainian drivers who are employed in a significant number in both Hungarian and Polish operations in international transport. Losing these drivers would reduce our capacity utilization. To date, we have not experienced any level of risk to our operations in relation to Ukrainian drivers, and based on the measures we have taken, we also consider the risk to be manageable.

According to the share purchase agreement concluded on 10 February 2023, Merkport Zrt. from the BDPST Group, as buyer, will buy the package of shares comprising 4,048,476 ordinary shares in WABERER'S INTERNATIONAL Nyrt. ("Company") owned by HIGH YIELD Zrt., as seller, (23.16% voting rights, adjusted by own shares) in addition to the 4,735,144 shares it already owns (27.09% voting rights, adjusted by own shares). As a result of the transaction, by acquiring the shares representing the majority of voting rights, the BDPST Group will acquire sole control directly over the Company and indirectly over the undertakings it controls. The buyer must obtain the permission of the Hungarian Competition Authority and the Hungarian National Bank to close the transaction.

44. OTHER STATUTORY DISCLOSURES REQUIRED BY THE ACCOUNTING ACT

The Group is audited by PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság
H-1055 Budapest, Bajcsy-Zsilinszky út 78.
Company registration number: 01-09-063022

Audit fee: tEUR 320

Amount paid to the auditor for non-audit services in addition to the audit fee: tEUR 6
The above amount includes accounting and tax consulting.

The signing statutory auditor responsible for the audit:

Chamber registration number: 005589
Name: Balázs Árpád Mészáros
Address: 1137 Budapest, Katona József u. 25. V. em. 4.

The person responsible for the compilation of the consolidated IFRS financial statements is Judit Nagy-Simon (registration No.: 114509).

The profit for the year will be transferred to retained earnings.

Further to the public disclosure requirements stipulated by the Accounting Act, the Company's consolidated financial statements are made available for public viewing at https://e-beszamolo.im.gov.hu/ and on the Company's homepage at https://www.waberers.com/hu/befektetoknek/eredmeny-center.

Persons entitled to sign the Company's annual financial statements: Zsolt Barna, CEO (home address: 2011 Budakalász, Csapás utca 22/a) and Szabolcs Gábor Tóth, CFO (home address: 1039 Budapest, Aradi utca 14-16.).

WABERER'S